



Area Control Error Diversity Interchange (“ADI”) Group Charter

Background

PacifiCorp, Northwestern, Idaho Power and British Columbia Transmission (“ADI sponsors”) have developed communication and software so that the participants of the system can share the diversity of the Area Control Errors thereby reducing the participants regulating requirements and more easily meet CPS requirements.

While ADI is the first project that the ADI sponsors have developed, it is envisioned that ADI could be the beginning of the development of other products or services leading to more robust power markets in the Western Interconnection.

ADI was developed using a free standing open agreement between the initial parties. This agreement permits additional parties to join the ADI control program at each additional party’s incremental cost for development and integration. Each additional party is responsible for its pro-rata share of the on-going operational costs.

Principles

The Northern Tier ADI Group is committed to:

- Increasing the usage and efficiency of the existing transmission network for the benefit of electric transmission and end use customers.
- A focus on action and a collaborative, step-by-step approach that will deliver results promptly and cost-effectively.
- The furtherance of ancillary services markets, regional transmission tariffs, common and/or joint Open Access Transmission Tariffs, energy and/or regulation markets, and other transmission products or tariff structures if both economically justified and sanctioned by the Steering Committee.
- Compliance with Federal Energy Regulatory Commission requirements pertaining to the federally regulated electric transmission system.

Purpose

The ADI Group will develop initiatives targeted at creating and implementing future economically justified robust products, some of which may require Federal Energy Regulatory Commission (“FERC”) review and filings. The ADI parties seek regional oversight and input via the NTTG Steering Committee to ensure future developments will meet the following mission statement:

To provide a forum where all interested parties are encouraged to participate in the planning, development, and implementation of future



phases of the ADI initiative that bring economically justified services that support an efficient robust west-wide electricity market while meeting Western Electricity Coordinating Council (“WECC”) and North American Electric Reliability Corporation (“NERC”) reliability standards. The wide participation envisioned in this process (including transmission owners, customers and state regulators) is intended to result in products and/or services that meet a variety of needs and have a broad basis of support.

ADI Group Membership

The ADI Group membership shall be composed of (1) staff representatives from state regulatory utility commissions appointed by each state’s respective regulatory utility commission in the Northern Tier footprint, (2) representatives appointed from the transmission provider function of each utility or utility cooperative participating in ADI, and (3) representatives appointed by customer advocacy groups involved in markets within the ADI footprint.

The ADI Group shall elect one chairperson (“Chair”) from the membership of the ADI Group upon approval of this Charter, and thereafter on an annual basis coinciding with the first meeting of each calendar year. The Chair shall be nominated by themselves, or others, and affirmed by a unanimous vote of the ADI Group.

Notice shall be given to the Chair for representatives who wish to be removed from the ADI Group membership. ADI Group members requesting removal, without a designated replacement, shall be removed from all future minutes and public rosters of the ADI Group, including membership rosters posted on the Northern Tier website. ADI Group representatives who request removal shall designate a similarly empowered representative from their sponsor organization within 25 calendar days, if their removal does not represent a withdrawal of their sponsor organization from ADI.

ADI Group representatives not planning to attend a noticed meeting shall notice all other ADI Group representatives via electronic email no later than one calendar day before a meeting of the ADI Group if an alternate representative will be designated to attend a meeting in their place. Alternate representatives shall be from the same sponsor organization as their designator.

No ADI Group representative shall receive compensation or any reimbursement of his or her expenses from Northern Tier or any party other than from the sponsor organization appointing him or her.

Meetings

The ADI Group shall hold a public stakeholder meeting at least twice per calendar year, in a place selected by the Group representatives. To the extent practicable, the costs of



meetings shall be paid by the hosting utility whose service territory is located nearest the meeting place. In the event multiple utilities are headquartered in the same city as the public meeting, the costs of the future meetings shall be rotated between these utilities.

The date and time for the normally scheduled public stakeholder meetings shall be in the months of January and July, unless separately approved in the scope of a work plan approved by the ADI Group.

Working meetings of the representatives furthering Work Plans shall be held on a recurring basis, on a schedule established by the Chair. The Chair shall have the authority to schedule an emergency meeting no fewer than 2 business days from either (1) the date of notice from the Chair or (2) a previously scheduled working meeting.

Agendas and minutes

The Chair shall send out an agenda along with the Northern Tier standards of conduct and anti-trust policy via email prior to each working meeting of the ADI Group.

An agenda for each public stakeholder meeting shall be posted and meeting minutes taken and posted, according to the Northern Tier standards of conduct approved by the Steering Committee, as set forth in the Steering Committee Charter.

Budget

To enable and support the ADI Group activities, the ADI Group will develop a budget to pay for meeting facilitators, technical analysis, and other expenses. The budget will be approved and funded by the ADI Group and a copy will be submitted to the NTTG Steering Committee for its information.

Responsibilities

The work of the Group, working with other entities in the Western Interconnection, will focus on:

1. Identification of energy, capacity, information, or other efficiency products that bring benefits to transmission providers and customers operating in the Northern Tier Transmission Group footprint and the Western Interconnection.
2. Determine the implementation requirements to support the various potential products.
3. Select a set of products that bring high value and can be achieved with low implementation costs and can be implemented as soon as possible, giving priority to high value products that can be delivered by the third quarter of 2009.



4. Submit the proposed product development in a work plan to be approved by the NTTG Steering Committee.
5. Develop and execute funding agreements to support development of those products with interested parties, and implement these projects as economically justified.
6. Repeat work steps 1 through 5 as appropriate.

Voting and process

The ADI Group shall pass approval items, such as work plans to be submitted to the steering committee, by unanimity. Voting shall be taken by members attending each meeting via phone poll.

A quorum of 3/4 of ADI Group members, including designated alternates, is required to initiate an approval of any item by unanimity of the ADI Group.

Requests for future services and products, and the scope of future work plans, shall be prioritized via votes from stakeholders attending public stakeholder meetings in person. Non-government entities shall be limited to one vote per transmission providers and one vote per merchant function. State and other government entities shall be limited to one vote per entity.