



Date: May 11, 2015

**Peak Reliability Board of Directors Approves
Alternative Funding Agreement**

Next Step – Quorum Vote of Members by June 10

VANCOUVER, Wash. – Peak Reliability’s Board of Directors voted today to approve an Alternative Funding Agreement for Peak. If approved by Peak membership, it will replace Peak’s current funding arrangement which is through Section 215 of the Federal Power Act.

Getting to the current point -- an affirmative vote by the Board -- is an important milestone in Peak’s history, and the result of nearly 24 months of collaborative effort by Peak stakeholders. The next step in the process begins May 22, when the ballot window is opened for voting by Member Representatives.

Per the Peak Bylaws, the approval process requires that a majority of the voting membership¹, including a majority of four of the five member classes, vote affirmatively for the Agreement. To help achieve the required quorum, absentee voting – either by email or fax – will be allowed in addition to in-person voting at the June 10, 2015 Peak Annual Meeting in San Diego. Ballots will be accepted until the Member vote at the Annual Meeting. Results and next steps will be posted later that day on Peak’s website.

“The Peak Board and the management team strongly encourage members to vote affirmatively,” said Brian Silverstein, Peak Board Chair. “Over the past several months it has become increasingly clear that the viability of Section 215 funding for Peak after 2015 is in question. The Agreement, as approved by the Board, provides long-term financial certainty for Peak, recognizes the Peak Board’s authority and comports with the Peak Bylaws. It also provides ample opportunity for all Members to provide input on Peak activities, services and the Funding Amount.”

¹ **Voting members** – Members eligible to vote are members of Classes 1 through 5

A copy of the Board-approved Agreement is available on the Peak website [HERE](#) .

“The level of effort that has been involved in getting to this point is a true reflection of our stakeholders’ commitment to the long-term viability of Peak,” said Gary Stephenson, Peak President and CEO. “The Agreement includes input from many Peak stakeholders, and we believe it is reasonable and balanced – providing better certainty of funding than under the Section 215 mechanism while also protecting the interests of both Peak and the Funding Parties.”

Why the Alternative Funding Agreement is Needed

When Peak Reliability was originally formed, a result of bifurcating the Western Electricity Coordinating Council (WECC) into two entities, Section 215 funding was kept in place for both the WECC and for Peak. The Edison Electric Institute (EEI) filed motions at the Federal Energy Regulatory Commission (FERC), objecting to Section 215 funding for Peak, calling it outside the scope and intended use for this funding as envisioned under the Federal Power Act.

While FERC upheld its original order authorizing Peak’s use of Section 215 funding, it added a requirement that within two years of starting operations, by 2016, the Peak Board would develop alternative funding proposals for consideration by Peak membership.

This requirement, combined with ongoing EEI litigation, makes it all the more important to develop a stable, long-term funding mechanism for Peak. The Agreement currently up for a Member vote is the result of extensive work by a group of Peak Members to develop an alternative funding option to Section 215, followed by months of negotiations, and resulting in the Final Alternative Funding Agreement which was posted on the Peak website on May 8, 2015, and approved by the Board today.

Key Elements of Agreement

The Alternative Funding Agreement, among other things:

- Recognizes the authority of the Peak Board;
- Creates a multi-party agreement between Peak and the Funding Parties;

- Designates the Funding Parties as the Balancing Authorities (BA) and/or Transmission Operators (TOP) of the Peak RC footprint that must have an RC, which moved from >400 funding parties to ~60 funding parties;
- Retains the net energy for load (NEL) cost allocation process; and
- Provides additional assurances around term of the agreement, termination and withdrawal provisions; and cost control and oversight.

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About Peak Reliability – *Peak provides situational awareness and real-time supervision of its Reliability Coordination Area in the Western Interconnection. Peak operates two RC offices, one in Vancouver, Washington and the other in Loveland, Colorado. Peak has the highest level of authority for the reliable operation of its RC Area in the Western Interconnection. Peak works with Balancing Authorities, Transmission Owners and Transmission Operators to minimize disruptions, provide leadership and help assure reliability*