Transmission Advisory Group
NCTPC Process Update

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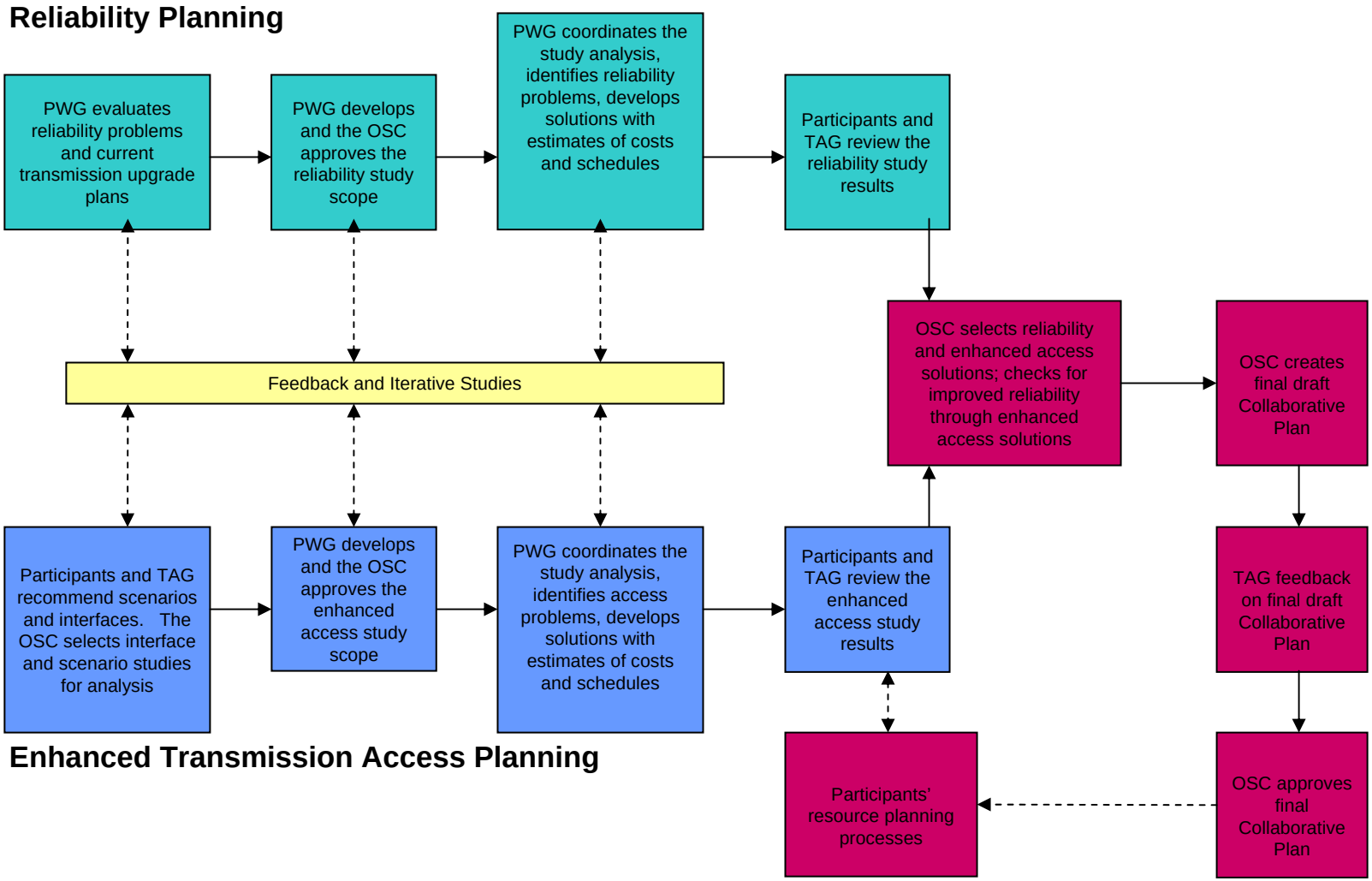
Overview

- Provide Participants and other stakeholders the opportunity to participate in the NC Transmission Planning Collaborative (NCTPC) process
- Preserve integrity of the current reliability and least cost planning process
- Provide analysis of increasing access to resources inside and outside of Progress and Duke control areas
- Develop a single transmission plan that includes reliability and enhanced access solutions while appropriately balancing costs, benefits and risks

Roles

- **Oversight Steering Committee (OSC)** – overall responsibility for establishing and managing the Process
- **Planning Working Group (PWG)** – supports development of the Process and conducts the technical studies
- **Transmission Advisory Group (TAG)** – provides advice and recommendations on Process and study results

NCTPC Process Flowchart



2006 Overview Schedule

North Carolina Transmission Planning Collaborative

Reliability Planning Process

- Evaluate current reliability problems and transmission upgrade plans
- Develop Reliability Study Scope
- Perform analysis, identify problems, and develop solutions
- Review Reliability Study Results

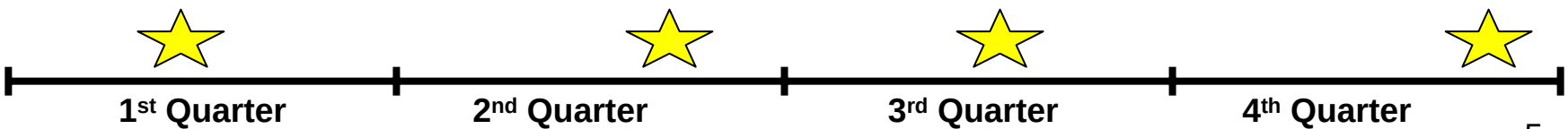
Enhanced Access Planning Process

- Propose and select enhanced access scenarios and interface
- Develop Enhanced Access Study Scope
- Perform analysis, identify problems, and develop solutions
- Review Enhanced Access Study Results

Collaborative Plan Development

- Combine Reliability and Enhanced Results
- OSC publishes DRAFT Plan
- TAG review and comment

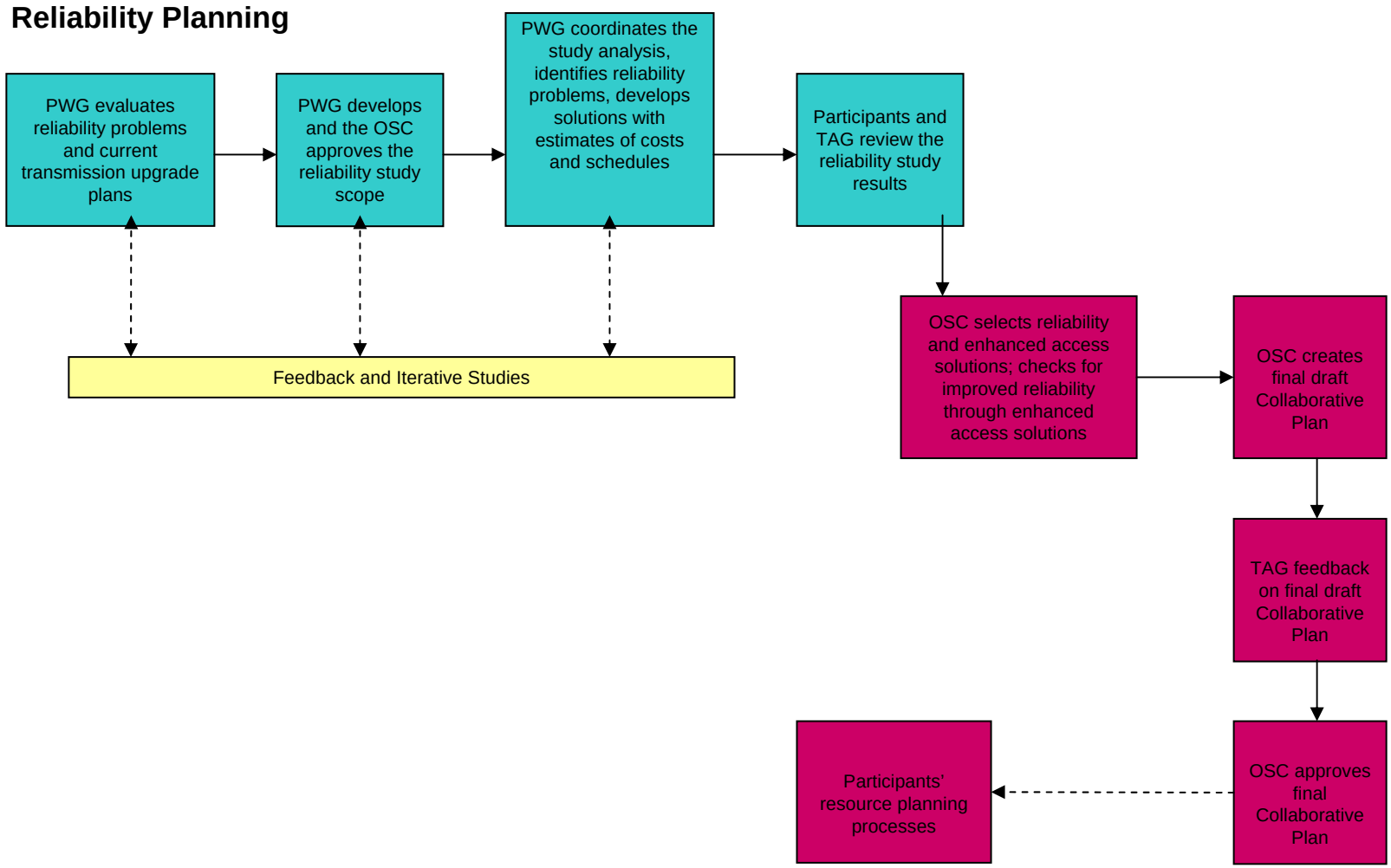
TAG Meetings



TAG - February Meeting

- TAG was provided with an overview and the opportunity to participate in the NC Transmission Planning Collaborative (NCTPC) process
- Requested that TAG propose scenarios and interfaces to be studied as part of the Enhanced Transmission Access Planning process
- No TAG input was received so the 2006 NCTPC process focuses only on the Reliability Planning process
- Enhanced Transmission Access Planning process will again be included in the 2007 NCTPC process

2006 NCTPC Process Flowchart - Revised



2006 Overview Schedule - Revised

North Carolina Transmission Planning Collaborative

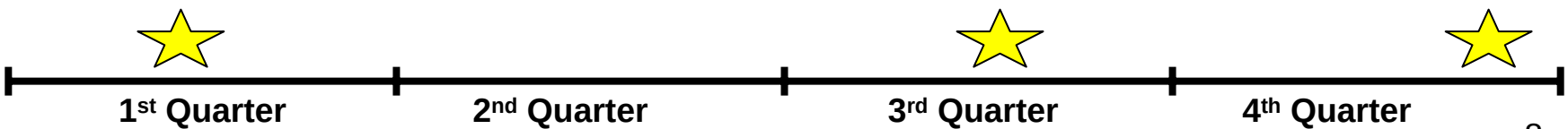
Reliability Planning Process

- Evaluate current reliability problems and transmission upgrade plans
- Develop Reliability Study Scope
- Perform analysis, identify problems, and develop solutions
- Review Reliability Study Results

Collaborative Plan Development

- Finalize Reliability Results
- OSC publishes DRAFT Plan
- TAG review and comment

TAG Meetings



Reliability Planning Process

- Expansion of traditional planning process used by transmission owners to ensure reliability
- OSC has established the planning study scope and oversees the study analysis
- Starting point is most recent reliability studies and planned transmission upgrades
- PWG conducts new reliability studies based on the approved scope and develops recommendations for the OSC

Reliability Planning Process Results

- Study results will include the estimated costs and schedules for upgrades needed to maintain reliable service to native load of the Participants
- Participants and TAG review and comment on results
- OSC reviews comments and directs additional analysis, if needed
- OSC finalizes reliability solutions to be carried forward into a single Collaborative Plan

Collaborative Transmission Plan

- OSC reviews reliability results and develops a Draft of the Collaborative Plan
- TAG reviews and provides input to OSC
- OSC reviews comments and develops the 2006 Final Collaborative Plan
- Final Collaborative Plan gets factored into the Participants' future Integrated Resource Plans
- TAG members and other stakeholders can use this information for their own planning processes

Collaborative Process Value

- NC state-wide coordinated transmission planning processes
  - Enhances future transmission system reliability
- Open dialogue among all Participants and stakeholders
  - Allows for more coordinated planning between Progress Energy and Duke Energy to maintain reliability and serve future native load requirements
- Transparency on import issues and load growth issues
  - Provides LSEs more accurate data for resource planning decisions

Questions?
or
Comments