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**BONNEVILLE POWER ADMINISTRATION
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BPA revises policy for managing seasonal power oversupply
Agency estimates a 50 percent chance for 2013 wind displacements

Portland, Ore. – The Bonneville Power Administration has refined its process for ensuring transmission system reliability and protecting fish when there is too much power for the region to consume. The agency filed its revised process, called the Oversupply Management Protocol, with the Federal Energy Regulatory Commission today.

BPA also modified its analysis for estimating the likelihood of oversupply conditions and conducted an updated analysis for 2013. This year, BPA projects a 50 percent probability of oversupply conditions leading to displacement under OMP, compared to a 65 percent probability in the 2012 study. The agency projects this year's oversupply costs could be \$10 million, but under extreme conditions costs could exceed \$50 million.

According to the Northwest River Forecast Center, the current water supply forecast for January-July is 86 percent of normal. If this forecast holds, the likelihood and expected costs of wind displacement could be lower; however, conditions can quickly change. BPA will continue to monitor forecasts throughout the spring and manage oversupply conditions with the most operationally feasible and cost-effective means available.

Two other factors are prominent in this year's decrease in probability. First, the region's only nuclear plant, Columbia Generating Station, will be down for about six weeks for refueling. Also, BPA added the contribution of non-Treaty storage, additional water storage in Canadian dams beyond the amount required in the Columbia River Treaty, to the analysis. See "Potential for wind displacement in 2013" for more information at the [link](#).

Under the oversupply policy, generators who elect to submit costs and supporting data are reimbursed for payments they would otherwise receive for producing power.

In late January, BPA provided proposed OMP changes to customers and stakeholders for review. Based on those comments and other factors, BPA made changes to the protocol, including:

- Extension for the period of use through Sept. 30, 2015;
- A March 15 annual deadline for generators to submit cost information to an independent third party. If this information is not provided by that date, that generator's costs are assumed to be zero.

BPA did not specify an expiration date for the policy in the draft it shared with customers and stakeholders in January. However, due to a number of comments asking BPA to reconsider that issue, the agency elected to limit the policy's duration to the 2014-2015 rate period.

In March 2012, BPA filed the original Oversupply Management Protocol with FERC as Attachment P to its broader Open Access Transmission Tariff. In December 2012, FERC issued a ruling conditionally accepting the Oversupply Management Protocol contingent upon BPA submitting an acceptable cost allocation methodology. FERC rejected BPA's proposal to allocate reimbursement costs equally between power customers and generators that elect compensation under the protocol. FERC's ruling required BPA to file a different cost allocation methodology within 90 days of the December ruling. Early this year, BPA requested a stay of that order, which would allow the agency to continue its ongoing oversupply rate case, scheduled to conclude in July. FERC accepted this request, and the rate case continues.

In 2011, BPA displaced approximately 97,500 megawatt-hours of generation with energy from the hydro system. BPA's policy at that time, called Environmental Redispatch, did not include a mechanism to reimburse generators for the cost of displacement. In 2012, the OMP replaced Environmental Redispatch, and BPA displaced approximately 47,000 MWh of generation with energy from the hydro system at a cost of \$2.7 million.

BPA is a nonprofit federal agency that markets renewable hydropower from federal Columbia River dams, operates three-quarters of high-voltage transmission lines in the Northwest and funds one of the largest wildlife protection and restoration programs in the world. BPA and its partners have also saved enough electricity through energy efficiency projects to power four large American cities. For more information, contact us at 503-230-5131 or visit our website at www.bpa.gov.