



Eugene Water & Electric Board

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VIA Email
Tech Forum
Bonneville Power Administration
PO Box 491
Vancouver, WQA 98666
techforum@bpa.gov

Re: Draft Network Open Season (NOS) and Generation Interconnection (GI) Reform Comments

Dear Tech Forum,

Eugene Water & Electric Board submits the following comments on potential modifications to the BPA Network Open Season and Generation Interconnection Processes, as presented to us at the July 20, 2011 NOS/GI Stakeholder meeting in Portland.

NOS Timing Considerations

While BPA has proposed a somewhat optimistic timeframe to tackle multi-faceted issues such as NOS and GI reform, EWEB supports BPA's goal of attempting to meet its year-end deadline. Critical issues, including PTSA reform, planning and cluster studies, NOS financial risks, deferrals, and generator interconnection queue reform, impact other critical processes. While we extend our support of NOS and GI reform by the end of 2011, EWEB desires that BPA get it 'right' and not prematurely commence the restart of NOS until you are comfortable that the problems inherent in the current NOS structure have been adequately addressed.

In previous NOS processes BPA tolerated a liberal amount of flexibility in a customer's PTSA contract implementation, including the ability to defer transmission service commencement dates as well as some ability to modify PODs and PORs associated with their transmission service requests. These allowances for contract flexibility plagued BPA's NOS Cluster Studies with increased modeling uncertainties and exposed BPA's preference customers to higher costs and the increased likelihood of stranded, under-utilized, transmission investments. BPA has also stated that it has seen a large number of deferrals to present date. BPA also stated that it is concerned about future deferrals given the state of the economy, low expectations for load growth, etc. EWEB shares these concerns.

Primary considerations for any reforms to NOS and GI should be targeted to reduce BPA's risk of exposure to higher transmission rates due to stranded investments, revenue insufficiencies and commitment of limited capital for unnecessary or ill-sized transmission projects

And so it follows that EWEB supports BPA adopting the following reforms:

- Increasing the performance assurance amount required for NOS participants – a potential to reduce BPA's financial risk for undertaking transmission infrastructure builds since those with higher performance assurance are incented to follow through with contracts associated with transmission infrastructure builds
- Require that PTSA holders pay for NEPA, engineering and other study costs
- Modify the deferral rights of all PTSA holders by increasing reservation fees, implementing an increasing fee for multiple deferrals, limiting permissible reasons for deferrals, and limiting the number of allowed deferrals, and
- Non-investment grade NOS participants or LLC's or partnerships, that are subsidiaries or affiliates of other corporations or entities, should be required to provide a letter of credit or guarantees from parent corporations or affiliated entities – prior to the signing of any PTSA BPA should match performance assurance with that party's current and expected credit strength

Principles for NOS and GI Reform

BPA should add the following principle to its list of principles for NOS and GI reform (as listed on page 7 of the Initiative Overview packet): "Provide firm NT service to NT customers for both Federal and non-Federal resources in accordance with BPA's OATT."

Thank you for allowing EWEB this opportunity to comment.

Dan Bedbury
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Eugene Water & Electric Board