

May 12, 2023

Via Email: techforum@bpa.gov
ektaylor@bpa.gov

RE: NewSun Energy comments to Bonneville Power Administration (BPA) TC-25 Pre-Proceeding Workshop April 26-27, 2023

BPA:

In addition to the individual comments submitted by the parties, the following companies and organizations join and support these comments, and specific recommendations by NewSun.

- PNGC Power
- Community Renewable Energy Association ("CREA")
- OSSIA
- NewSun Energy

SUMMARY AND KEY CONCERNS

Generally, the Parties are pleased that BPA is taking action and recognizing the value of making improvements to its study process, as well as taking time to carefully consider an approach that fits with BPA specifically, given its uniqueness as an organization and its role in the Pacific Northwest (PNW) energy market, grid architecture, and service of both other utilities and intermediary super-highway for the PNW power market. This includes BPA leveraging its current areas of excellence and carry those forward into new models -- while also taking care not to undermine those nor create inconsistencies with other core practices and parallel tariffs (such as TSEP or LLIR) and look for related synergies.

At the highest level, we believe that Bonneville's top priority and philosophy should be to focus on the core issues with the highest yield first -- namely addressing staff bandwidth logjams -- while avoiding actions that carry unnecessary risks or disruptions. Allowing study engineers (and other key staff) to process more ICs per report and per model run is a common sense solution we support.

We note however that this can be done while simultaneously preserving the benefits of a seniority-based system (relative to thresholds above and below which certain capacity is available or incremental upgrades triggered, with sub-groups sharing costs of successive network upgrades), ensuring all current customers are properly studied, and minimal disruption occurs to the current generation supply development pipeline, which hinges around, and has invested in, in good faith, BPA's current OATT.

Additional summary notes and key concerns:

- **BPA's reform efforts should be coupled with a strong commitment and program to expand staffing** supporting interconnection studies, as well as TSEP studies, and related transmission planning efforts. This should be explicitly part of TC-25.
- **Avoiding disruption to current market supply is the most important.** The market needs current GIs to get quality studies, while avoiding the market disruptions the would occur if GIRs were pushed out. Seeing current GIRs through is more important than clearing out random chunks of the GI queue line.
- **Certain approaches could create TC-25 rate case (and/or other) litigation risk for BPA**, relative to potential harms affecting BPA's various affected customers. BPA should avoid that risk. In particular, transmission customers with long-term firm take-or-pay contracts comprise fixed

liabilities, that are often executed (especially given their scarcity) with a view to, or specific nexus, to GIRs, would likely be exposed to inability to use, or impairment of benefits of LTF PTP transmission contracts (TSAs). Similarly, TSEP participants have funded monies into PEA and ESA agreements, often with TSRs explicitly or generally linked to LGIRs. LSEs might be mid-negotiation with GI developers, planning to rely on power from a GI's future facility. Developers may have spent thousands or millions on project development, relying on the current OATT. In each of these cases, among others, BPA customers could suffer substantial financial harm. If BPA creates exposures or harms to those parties, the TC-25 rate case's likelihood of litigation (or litigation through other venues) could create risk, costs, and other undesirable outcomes. These are avoidable risks.

- **Public Power's access to market new generation supply is vulnerable to privileges that certain policies might give others**, such as IOU LSEs that have rate-basing incentives (and regulatory processes around RFPs and IRPs that many publics do not). For example, readiness criteria that give such entities a leg-up, implicitly (relative to constrained grid capacity and BPA staff execution and adverse impact to other ICs) would be adverse to other LSEs. Particularly if such LSE are mid-negotiation, or in less public processes, bilateral or otherwise.
- **BPA should avoid creating new administrative burdens (or potential nightmares) from new readiness criteria, and BPA becoming a reviewing and validating intermediary for a diversity of readiness criteria documents.** Such as PPAs, term sheets, LOIs, IRP and RFP shortlists (often anonymized). Current BPA criteria are simple and well understood (signed study agreements, site control, dollars sent); many proposed in BPA's initial leaning could be complex and contentious, with commensurate administrative burdens and backfeeds into tariff timelines that are untenable, infeasible, or lead to disputes or undermine their original purpose, especially if they result in unnecessary or unplanned withdrawals (and then trigger more delays and restudies).
- **Contributing factors to current queue volume are not going away.** These include massive energy needs and clean power regulatory requirements.
- **Clearing the queue out, for its own sake, is undesirable and ill-advised.** Particularly for it only to refill back up, likely with less clarity on cost assignment, more mega-upgrade dependence.
- **Policies should be reasonable, practical on timelines to accomplish certain commercial tasks.** As some of us have noted in comments, it takes time to examine study results, examine financial models, discuss prices and other terms with counterparties. Introducing these complexities into the LGIP OATT with simultaneously compressed timelines, for factors that don't exist today, is unlikely to work out well, and likely counterproductive, including as parties like NewSun have noted from their experience in other GI 'reforms'.
- **The point is productive useful outcomes to participants**, not removal of queue positions.
- **At some point in the current TSEP and GI queues, the 500-KV and 10-15 year NEPA for new transmission lines begins.** GIs behind those points will be waiting for commensurate time, irrespective of reforms. A rush to nowhere is not productive. And new GIRs filed behind the current GIRs will bear those realities, as will much of the current queue. Thus focusing on preserving viability of the front end of the queue must take priority (and is fair; and better serves the market).
- **Projects Compete in the Market Primarily on the Quality of Their Interconnection and Transmission. BPA should focus on delivering those results.** Then let the projects compete and participate in the market, as they do today.
- **In undersupplied market, with amplified demand, all project with viable interconnections will likely be built.** We are in a new era, due to regulatory demands and load growth. It is very

unlikely that viable projects will sit around in the queue (so that shouldn't be assumed). Today, projects are waiting on interconnections, not the other way around.

In short: Err in favor of "no harm", while implementing a transition to leverage "cluster" aka "group" aka "batch" study formats and processes that allow groups of interconnection customers in sub-grid areas to be beneficially. Avoid policies propelling ICs out of the GI queue -- and disrupt the market, supply negotiation, and development assets that are maturing in other way, and which likely would just end up being re-studied later. Focus on the root of the problem, which is bandwidth more so that GI customer behaviors.

It may take a while to work through the current queue, but it is more important to do a good job at that, than to rush to nowhere.

Additional Background Context: Please bear in mind the following context as you consider these comments and proposed policies. Recognition that:

- Current most senior queue positions (and generally in that order) have the highest viability interconnection relative to beneficial use and access to existing capacity or more minor upgrades to integrate them.
- The market has a vested interest in both the successful completion of development of current projects, particularly those invested in for years already, as well as risk of harm if generation supply options are removed, disrupting both commercial negotiations that may be underway, or disrupting development of projects with progress underway on other fronts (such as land, permitting, transmission rights, off-take, etc). BPA should focus on facilitating success.
- The flood volume of interconnection requests is not going away. Clean energy and market needs are 10s or 100+GW scale.
- Imposition of harsh and/or inflexible policies by other Transmission Owners and RTOs has not reduced the queue volume; indeed volumes have nonetheless gone up.
- Queue removal, as its own goal, is not likely a solution to volume.
- Queue removals may be likely to amplify negative disruptions of study processes (as well as the market), trigger even more restudies.
- Policies which leave ICs vulnerable to other ICs behaviors, especially ambiguities on cost responsibility or whether others will also post large sums of money, or other challenging, such as shared cluster groups,
- Everyone in the current queue invested in the current OATT. They deserve to be fully and fairly treated based thereon.

On Queue Seniority:

Many of the policies advocated below rely on, and strongly recommend, preservation of a seniority-based queue system. The following context and observations related to that should be kept in mind:

- Everyone in the current queue -- including those at the back of the 140 GW line -- filed into a *seniority based system*.
- Therefore there is no *un*-fairness to any GIR, including junior GIRs (who knew they were junior when they filed), for BPA to proceed further on the same seniority basis.
- TSEP Consistency: Seniority-based allocation of existing capacity, and cost-sharing of incremental network upgrades past break-points, is both how current GI studies and TSEP work.

- Clarity benefits: Current BPA GI and TSEP studies provide clarity, relative to increment impacts of customers (or tiered groups of customers), and ability to use existing capacity, relative to
- Scrambling cost clarity, by removing seniority, and forcing senior positions to share costs with junior co-cluster participants is both unfair and harmful to both the overall outcomes (now no one has clarity on who benefits from existing capacity).

Core Areas of Support from Current BPA Proposals

There are several areas where we are pleased with BPA's initial leanings and proposed approach. Those areas of explicit support are worth enumerating here.

- **Transition to Cluster-based format of studies**, for batch-process type benefits to staff bandwidth;
- **Keeping 3-Phase Study Process Format:** Feasibility, SIS, then Facilities.
- **Limiting increases in costs to GIs:** While some
- **Exclusion of withdrawal penalty concepts**, which we believe
- **Preserving ICs' downsize rights:** The ability to downsize to avoid
- [Study Cost Allocation for Post-Transition GIs]
- **No Informational Studies:** Not useful, especially without real queue seniority in context, waste of precious BPA bandwidth. Purpose better served in BPA's high quality scoping and study results meetings, which should be preserved.
- **Targeted outsourcing of certain study and engineering work**, but in a way that recognizes that BPA's own engineering team brings unique value that 3rd party firms will not. We'd prefer BPA staff with long-term system knowledge be involved as much as possible. Long-term, employees are cheaper than consultancy costs (with required BPA overhead add-ons).

Select Core Concerns:

- TSEP compatibility
- Interactions being properly con
- Litigation risk, re: harms to parties, eg Public Power access to supply and/or deal disruption
- Potential advantages to IOU LSEs and larger balance sheet IPPs/developers; market needs healthy diversity
- Failure to leave time and space for TSEP or Transmission Planning upgrades to be identified or drawn into those processes, and out of the GI process
- Ensuring all current GIs get fully studied
- Propulsion of current GIs out of the queue (undesirable) vs. providing time for projects to fully advance and mature, as currently allowed under OATT.
- Recognition that removal of GIs from queue may:
- Lock up development assets surrounding good interconnection sites, given that land assets are often
- Assets whether generation or interconnection or transmission take time to develop.
- Upstream delay harms the pace we need to develop to meet today's challenges.
- Bureaucratic logjams of readiness criteria review should be avoided, unnecessary.
- Failure to pause TSEP process during transition may unnecessarily drag out, compress, or otherwise adversely affect the realization of maximum quality results from current queue, projects, and for ICs that invested in current results. As well as diminish BPA staff resources to properly advance upgrades and system needs already identified from prior TSEP, or which

might serve LLIRs and public power needs to advance related interconnection and system upgrade projects.

- LGIRs that have been waiting for years (or really any time in excess of BPA tariff study timelines) for initial studies should not face abrupt removal for lacking commercial clarity.
- Simplified and standardized models for GIRs' initial studies. This is a practical approach that will reduce BPA review burdens validating models for which many specifics are not critically relevant for feasibility (phase I) studies.

Disagree/Oppose:

- **FR/FS:** We oppose having a "first ready, first served" component to the cluster process. There should not be chutes-and-ladders systems. "Cluster" benefits do not require "FR/FS".
- **Tie-Breaker Concept:** Not needed in a first-come, first-served, serial queue seniority based structure. Additionally, chutes-and-ladders can completely kill projects that may have been relying on such capacity in negotiations and transactions, including with public LSEs. Instead, let queue seniority sort out which GIs have the best interconnections, and the market can transact with those parties. Additionally, BPA project management staff bandwidth is also highly constrained.
- **Materially adverse changes to current ICs general terms and conditions**
- **Inclusion of readiness criteria.** Each and all are problematic. They create unnecessary distortions and likely market disruptions, and have risks of exacerbating inequities, unfairness, and (especially paired with impracticable short timelines to demonstrate following receipt of studies) are likely to result in massive restudy issues and the unnecessary death of projects that should be given time to transact in the market.
- **Shortness of Response Times** if readiness criteria included, re: practical infeasibility.
- **Exclusion of consideration of parties transmission rights in consideration of viability,** especially to the extent any readiness criteria are applied. This is in conflict with current BPA business practices which recognize transmission rights critical contribution to viability.
- **Major Financial Burdens before clarity on upgrades that TSEP will carry, or which BPA will fund. Including opposing the 20% N/U posting.** ICs should not be asked to post major sums of monies related to upgrades unlikely to be carried through the GI process. If a posting is needed then, it should look more like a TSEP PEA type approach.

SPECIFIC RECOMMENDATIONS & FEEDBACK TO STAFF LEANINGS

The following are specific recommendations the parties believe BPA should implement in order to fully realized the benefits intended for this GI Reform effort. Ultimately, many of the "show you're serious" matters are dealt with either in the TSEP or when a GI receives its LGIA, which comes with cost requirements and schedules.

Miscellaneous

- **No Readiness Criteria.** Except Site Control at SIS phase (but this is per current tariff process, not a change).
- **Customer engagement, Year-Round.** While there may be a more focused effort right before a window closes, (as discussed below) the cluster window should remain open year-round, to spread out the work load on BPA staff, and avoid mega crunches which neither serve staff, the

outcomes intended, nor GIs, due to the compression that will occur from so many ICs in a short window. Less compression also allows GIs to have time to make voluntary decisions (as is allowed now) to downsize or adapt their proposed GIRs based on scoping meeting input. This will result in better size, better informed requests, and better overall viability and study process function (and preserve a key area of excellence with BPA's current practices).

- **Cure Periods:** Depending on final format, should be adapted to be practicable given the nature (and complexity) of the items that may apply. For example, a cure period on a PPA rejected by BPA would involve complex interactions with 3rd parties.
- **Customer Review Period:** Consider extending and adding voluntary, *BPA-facilitated multi-customer discussion*. Cluster groups discussing amongst themselves the ability to downsize, adapt, and avoid certain major upgrades would be beneficial to all.
- **Out-of-House Study Timing:** We have concerns that outsource studies, given contracting and 3rd parties, may not in practice meet required timelines.
- **PEA Type Option:** BPA might consider something more like TSEP PEA approach after study phases, as relates specific major upgrades.
- **Major Upgrades & Cost Allocations should account for TSEP & BPA Carried Upgrades:**
 - ICs should not be posting amounts for upgrades actually or likely occurring elsewhere.
 - Cluster timing should account for these determinations, and TSEP efforts should ensure examination and determination of same occurs well-timed for GI cluster.
 - See comments below about alternating GI and TSEP cluster years.

Deposits & Fees

Current GIs: Should not change.

Transition group should not materially change.

Timelines & Process

Parties recommend that the transition process to a future cluster-based study format be thought of and implemented in **three parts** as below.

- **Dividing Line for Any Transition Cluster:** We support BPA finding a breakpoint for what pre-OATT-change GIRs might be studied in group format. But this should be after a substantial effort to work through LGIRs before then. And should take into account natural dividing lines in the queue, re: time stamps and major upgrades.
- Overall, BPA should take its time and focus on providing the fullest quality studies and results for current GIs, even if this means a longer transition process.
- It is more important that current projects under development, and their associated GIRs, have maximum opportunity to realize their full potential, and be available to serve the market, than it is for BPA to pressure GIs out of the queue. The consequences of disruption to the market, for buyers and suppliers both, of partially developed projects disappearing, ...

GI Queue & Studies

I) Initial Transition (Pre-Transition Cluster)

- Prioritized study catch-up effort: BPA should make an all-out push to work through as many existing serial GIs as possible. It should extend proposed timelines in current staff leanings schedule in order to do so, as necessary.
- Pause TSEP to Make Time for GI Catch-Up and Transition GI Cluster: The next TSEP, behind the current 20+GW group for 2022-2023 TSEP
- Transmission planning prioritized efforts should occur to facilitate beneficial inputs into these efforts for Pre-Transition and Transition Studies.
- Okay to Pause Accepting New GIRs at some future point, temporarily.
- Prioritize full studies and rights to completion of existing GIs under existing OATT.

II) Transition Cluster GIs:

Beyond a set of dividing points (which may have a mix of criteria, as below), certain later queue positions would be processed in a Transition Cluster. These transition queue positions would still benefit overwhelmingly from the same primary OATT and business practices, as relates costs, deposits, and seniority in queue and relative access to capacity and sequentially triggered upgrades. However, BPA would process sub-groups of

Criteria: Natural timestamps between major queue filing; and natural MW breaks for major upgrades.

Triage the Transition Cluster: Triaging the 140GW GI queue into sub-groups will make it more tenable to practically study all the requests, and secure more viable, actionable results. It will take longer, but work out better overall, while avoiding "unsolvable model" issues from trying to shove every GI into the same study. GIs already had seniority, so this is fair, and will result in more useful outcomes, less restudies, less re-filing-to-restudy again dynamics.

III) Post-Transition GI

Generally maintain and align with current BPA practices and amounts where possible. Those processes work reasonably well and the real source of issues is about study bandwidth, moreso than GI behaviors. As noted above, no readiness criteria.

Additional Transition Process, Actions:

IV) Additional Notes/Recommendations:

- Space for TSEP
- Space for Unburdening of GIs from responsibility -- and punitive outcomes
- Use of PEA
- Staffing Priority
-

Offer to facilitate voluntary cross IC customer meetings to facilitate downsizes.

Cluster Window: Year Around Applications, Target Biannual Window Close:

We recommend that the window for GIRs (applications) be kept open year round, with timestamped queue seniority, as is consistent with current BPA application process for GIRs. This is also consistent with BPA's current TSEP treatment of TSRs, with commensurate benefits internally for BPA, and for its

customers, as relates consistency of methods, processes, and policies. A Cluster Window would still close on a pre-specified date, as might be either set from time-to-time or regularly.

GIRs should benefit from relative seniority (where applicable on a practical basis); and the study process would similarly benefit from clarity of who benefits, and which GI (or group of GIs after a 'breakpoint') bears cost responsibility for certain upgrades. The application process should *not* be a shorter limited window (a la PAC OATT) that

Bi-Annual Alternation of TSEP and GI Study Windows

Parties support NewSun's recommendation that BPA

Note: BPA's commitment to run annual TSEP clusters is not tariff-based, therefore not out of scope to consider interactions. As Cherilyn noted on the 4/26/23 call, it is largely the same BPA people working on both TSEP and GI studies.

Maintain a Queue Seniority Based Method of Queuing, Studies, and Cost Allocation

As discussed above, and like TSEP, a seniority-based approach can be implemented for good benefit and better outcomes and clarity. And will avoid "who's on first?!" type issues that are inherent in cluster study methodologies that time-stamp all cluster participants the same. This proposal is also consistent with TSEP practices and BPA can build analog practices and consistency, while reducing conflicts and improving functionality.