



via email ([techforum@bpa.gov](mailto:techforum@bpa.gov))

U.S. Department of Energy  
Bonneville Power Administration  
Transmission Services

June 2, 2023

**Re: Comments of Renewable Northwest on the TC-25 Updated Staff Leanings**

Renewable Northwest (“RNW”) submits these comments to the Bonneville Power Administration (“Bonneville”) concerning the TC-25 workshop held on May 25, 2023 (“May Workshop”),<sup>1</sup> where Bonneville provided updates and clarifications regarding Bonneville staff’s initial leanings for potential interconnection queue reforms. The May Workshop provided important details on a number of critical issues, which RNW appreciates, but fell short of providing customers a comprehensive overview. RNW looks forward to reviewing proposed tariff redlines on June 9, 2023 and participating in discussions on these important topics during the final informal workshop on June 15, 2023.

**1. Bonneville Should Continue to Provide Interest on Study Deposits**

At the May Workshop, Bonneville explained its concern that increased interconnection requests under the new process could lead to cost shifting if Bonneville continues to pay the Federal Energy Regulatory Commission (“FERC”) rate<sup>2</sup> because that rate is significantly higher than Bonneville typically earns and would ultimately need to be paid by transmission customers.<sup>3</sup> Bonneville considered five different rate scenarios and is proposing Alternative 5, which would not provide any interest on returned deposit amounts.<sup>4</sup> Bonneville reasoned that this was more consistent with its proposed treatment of readiness deposits and would help ensure only viable requests were submitted.

RNW agrees that subjecting all transmission customers to costs associated with certain study deposits would be inconsistent with cost causation and should be avoided, but urges Bonneville to find a more equitable solution. While the FERC interest rate may be too high, it is difficult to understand which of the other alternatives Bonneville considered would be

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<sup>1</sup> Additional details regarding the TC-25 Proceeding, including the presentation materials provided at the Workshop (“Presentation”) and all stakeholder comments referenced herein are available at <https://www.bpa.gov/energy-and-services/rate-and-tariff-proceedings/tc-25-tariff-proceeding>.

<sup>2</sup> 18 C.F.R. 35.19a(a)(2)(iii).

<sup>3</sup> Presentation at 29.

<sup>4</sup> *Id.* at 30-31.

appropriate without understanding how much Bonneville would typically earn while holding the unused cash deposits. Just as it would be unfair to subject all transmission customers to these costs, it would likewise be unfair to provide Bonneville a windfall from holding the deposits. This is particularly true in situations where studies are delayed and the timing is extended. Assuming Bonneville is not willing to refund study deposit amounts beyond the amounts unspent to compensate for study delays, RNW requests Bonneville provide more information as to which of the other alternatives would be commensurate with its expected earnings. Alternatively, Bonneville could place the deposits in an interest-bearing account and then pay the specified interest rate earned as opposed to estimating a proxy amount. Another approach could be to allow customers to put their deposits in escrow and earn their own interest rate. At bottom, Bonneville has not justified removing all interest on study deposits from its tariff and should provide some equitable amount of interest to interconnection customers.

## **2. Bonneville Has Not Adequately Explained its Preference to Allocate Network Upgrades on Proportional Capacity as opposed to Proportional Impact**

Nearly all stakeholders agree that Bonneville’s proposal to allocate network costs based on proportional capacity appears inconsistent with cost causation, yet Bonneville chose not to update its leaning or even discuss this topic at the Workshop. Bonneville indicated its preference to allocate upgrade costs based on proportional capacity in the April workshop<sup>5</sup> and numerous stakeholders commented in support of proportional impact.<sup>6</sup> Acknowledging that the time for the Workshop was abbreviated<sup>7</sup> and that Bonneville prioritized the time together to discuss changes and clarifications to its initial leanings, RNW reiterates that network upgrade cost allocation is one of the most significant reforms being considered, and strongly urges Bonneville to provide time for additional discussion on the merits of the two approaches.

RNW members support using a distribution factor (“DFAX”) threshold similar to those used by other transmission providers. RNW understands that Bonneville’s transmission system and interconnection studies may be unique. To the extent that Bonneville believes there are reasons the agency should deviate from the industry standard, those reasons should be discussed openly. Given the severity and complexity of this issue, RNW believes an entire customer-led workshop may be warranted.

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<sup>5</sup> April Presentation at 50.

<sup>6</sup> See Comments of RNW on TC-25 Initial Staff Leaning, at 2 (May 10, 2023) (“RNW Comments”), NIPPC General Comments, at 5-6 (May 10, 2023), Scout Clean Energy Comments on TC-25 Proposals, at 3 (March 30, 2023), Pine Gate Renewables, LLC Comments on Generator Interconnection Queue Reform, at 2-3 (May 10, 2023), BrightNight Power Comments to BPA’s TC-25 Pre-Proceeding Workshop on April 26-27, 2023, at 1-2 (May 10, 2023), Clearway Energy Group Queue Reform Comments on BPA TC-25 Tariff Proceeding, at 1 (May 10, 2023), and Comments of Cypress Creek Renewables on the TC-25 Tariff Proceeding Workshop, at 4 (May 10, 2023).

<sup>7</sup> Tech Forum Notice (May 8, 2023) (“BPA has determined that it needs more time to develop the draft Tariff proposal and summary of items that will be addressed through BPA’s business practices. As a result, the May pre-proceeding workshops have been condensed to a half day on May 25.”).

### **3. New Acreage Requirements for Site Control Should be Established Well in Advance of the Transition Cluster Request Window**

Bonneville is proposing to require strict site control to enter the Phase 1 Cluster Study but has yet to provide important eligibility details. At the Workshop Bonneville clarified that it would be setting acreage requirements in a business practice instead of its tariff to provide the agency flexibility as technology advances.<sup>8</sup> RNW urges Bonneville to begin that process as soon as possible so that stakeholders can provide input on appropriate site control requirements and interconnection customers in the existing serial queue can make better business decisions.

### **4. Bonneville Should Consider New Readiness Demonstration Alternatives**

Bonneville's commercial readiness requirement for the transition study processes is discriminatory<sup>9</sup> and must be reconsidered. For the transition processes, i.e., both the Transition Serial Study process and the Transition Cluster Study process, Bonneville's leaning is to require a commercial readiness demonstration in the form of a sale agreement, resource plan selection or site-specific equipment purchase order. At the Workshop, Bonneville described this requirement as essential to its goal of transitioning quickly to a new process.

RNW appreciates Bonneville's desire to allow more "ready" projects to move forward quickly but urges Bonneville to consider other alternatives as indicia of readiness. For example, would Bonneville consider more stringent site control requirements—perhaps something similar to those required to enter the Public Service Company of Colorado ("Pasco") transition cluster? Bonneville should explain why increased at-risk financial security and/or transmission demonstrations are insufficient to demonstrate project viability *and* allow the agency to transition quickly to the new process. Additionally, RNW asks Bonneville to explain why projects with little or no network upgrades needed could not also be expedited through the transition process.

### **5. Bonneville's Proposal to Allow Scalable Plan Blocks Needs Additional Consideration**

RNW appreciates the clarifications Bonneville provided regarding subclustering but urges Bonneville to provide a more comprehensive explanation of its intention before releasing tariff redlines on June 9, 2023. In addition to providing a written explanation as to how cost allocation would work, Bonneville should confirm when (and how) the timing of subclustering decisions would be made to ensure its current proposal includes sufficient time to allow for

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<sup>8</sup> Presentation at 18. *See also* April Presentation at 50 (indicating Bonneville's definition of site control *may* be similar to that proposed in the FERC NOPR and listing examples of an adequate site control demonstration as a .KMZ file, the acreage of the project and/or an attestation of the exclusive right to develop the generation site).

<sup>9</sup> *See* RNW Comments at 2 (explaining independent power producers need to understand interconnection costs before entering into a contract).

these internal decision points. For example, when will customers decide whether to move forward with a smaller interconnection service plan and/or whether other customers have agreed to fund a larger interconnection service plan? How will those decisions affect cost allocation estimates and/or Bonneville’s ability to move the cluster study forward?

## **6. Bonneville Still Needs to Set a Reasonable Expectation for Interconnection Customers in the Existing Queue**

Finally, RNW reiterates its earlier requests to identify how many projects Bonneville expects to process before the transition, as well as under the proposed processes, so that customers can understand how these policy and process changes are likely to impact their projects and stakeholders can compare the intended processing timeline to Bonneville’s “status quo” projections. At the Workshop Bonneville announced its proposed transition dates: 1) Transition Close Date sixty days after the publication of the Federal Register Notice; and 2) Transition Request Window 90 days after the issuance of the Final Record of Decision (“ROD”)<sup>10</sup> but has yet to provide any expectations with respect to how many projects might end up in the transition processes.

Bonneville should provide some realistic expectation as to when the agency believes it will complete the transition clusters and what will happen (if anything) to requests that are not eligible for the transition processes. It is imperative that interconnection customers understand the full significance of the transition queue eligibility requirements when considering these policy alternatives. For example, knowing how many projects currently have an executed Facilities Study (“FAS”) agreement but no FAS report may help inform the best path forward. To date, Bonneville has not provided any expectation as to when the first “normal” cluster study is expected to begin and/or when the agency expects to complete either of the transition processes.

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<sup>10</sup> Presentation at 17.

RNW appreciates Bonneville's consideration of these comments and the recommendations contained herein. Nothing contained in these comments constitutes a waiver or relinquishment of any rights or remedies provided by applicable law or under Bonneville's tariff or otherwise under contract.

Respectfully submitted on behalf of RNW,

A handwritten signature in black ink that reads "Sidney Villanueva". The signature is written in a cursive, flowing style.

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