



**Comments of the
Northwest & Intermountain Power Producers Coalition
on
BPA's Proposed LGIA contracts for Variable Generating Resources
January 14, 2009**

The Northwest & Intermountain Power Producers Coalition (NIPPC) has serious concerns with the Bonneville Power Administration's proposed revision to its Large Generator Interconnection Agreements (LGIA). Language in Section 3 of Appendix C raises fundamental issues that we hope the agency will correct.

NIPPC acknowledges that BPA faces genuine challenges in managing wind integration within its balancing authority. We also fully recognize that Transmission Services' efforts to maintain the reliability of the Transmission System need be preeminent.

Our organization has and will continue to cooperate with Bonneville as it crafts solutions to wind integration and other challenges facing the transmission system. The changes that we propose to the LGIA will not affect BPA's ability to perform effectively as a balancing authority while meeting the agency's obligation to facilitate the development of wind energy and other intermittent renewable energy resources.

The Coalition is concerned with language in the draft contract that reaches beyond Bonneville's need to assure reliability while accommodating the operations of wind power projects within its balancing authority.

Article 9.4 of the LGIA states that an Interconnection Customer shall "operate, maintain and control" its generating facility and its interconnection facilities "in a safe and reliable manner" and "in accordance with all applicable requirements of the Control Area of which it is part, as such requirements are set forth in Appendix C."

While BPA has the right to determine the "applicable reliability criteria" in Appendix C without an Interconnection Customer's consent, it is limited to adopting Control Area requirements that are necessary for Transmission System

reliability, and that require an Interconnection Customer to “operate, maintain and control” its generating facility “in a safe and reliable manner.”

NIPPC’s objection is based on a simple fact: violations of the Clean Water Act or Endangered Species Act are not “reliability” criteria. The contract should reflect this and these two contingencies should be removed.

BPA proposes that Control Area Services be made available on a take-or-pay basis, and that an Interconnection Customer must obtain BPA’s consent to self-supply or acquire Control Area Services from a third-party.

This requirement also has nothing to do with reliability criteria, the reliability of the Transmission System, or the safe and reliable operation of a generating facility.

Therefore, BPA does not have authority to assert this requirement in Appendix C and it too should be removed.

The proposal is vague and overbroad in giving BPA (i) unbounded authority to determine whether to permit an Interconnection Customer to find another supplier of Control Area Services and (ii) complete discretion with respect to its claimed “stranded costs,” including the period over which it should be permitted to recover stranded costs (e.g., a rate period or longer).

NIPPC has repeatedly maintained in various BPA venues and in the Coalition’s recent filing at FERC in Docket NJ09-1-000 that BPA need be committed to facilitating generators’ option to self-supply regulation. In erecting obstacles to self-supply BPA not only imposes onerous and unnecessary obligations on Interconnection Customers, it bypasses genuine opportunities to bring forward external, i.e., non-federal assistance in solving the very problems that are challenging its balancing authority operations.

NIPPC looks forward to continue to collaborate with BPA on identifying and developing solutions to regional transmission problems and offers these comments in that spirit.

We sincerely hope that the agency will delete the draft contract provisions identified here.