



Puget Sound Energy, Inc.  
P.O. Box 97034  
Bellevue, WA 98009-9734

February 4, 2009

**VIA E-MAIL**

Department of Energy  
Bonneville Power Administration  
P.O. Box 64109  
Vancouver, WA 98666-1409  
Email: [evking@bpa.gov](mailto:evking@bpa.gov)  
Attention: Eric King

**Re: Comments of Puget Sound Energy, Inc. on January 28, 2009 Proposal  
“Connecting Variable Generating Resources to the Federal Columbia River  
Transmission System (FCRTS)”**

Dear Mr. King,

Puget Sound Energy, Inc. (“PSE”) appreciates the efforts of Bonneville Power Administration (“BPA”) to address the concerns of transmission customers with regard to BPA’s proposed approach to intermittent generation. PSE submits the following comments in response to the proposal laid out by BPA in the January 29, 2008 draft, “Connecting Variable Generating Resources to the Federal Columbia River Transmission System (FCRTS).” These comments should be considered in addition to, and not in replacement of, the comments submitted by PSE on January 13, 2009.

The approach to generator imbalance presented by BPA in the January 29, 2008 proposal poses several important and unresolved questions as to how spinning and supplemental operating reserves will apply to and effect intermittent generation exported from the BPA BA.

Under BPA’s proposal, the transmission schedules (E-tags) will be curtailed once 90% of a set quantity of reserves has been utilized, irrespective of whether the utilization of said amount of reserves has created a reliability issue for the BPA system. Because the quantity of reserves will be set in a rate proceeding and there is no reliability-related condition precedent to the implementation of E-tag curtailments, it is possible that BPA customers could be facing E-tag curtailments on intermittent generation exported from the BPA BA when there is no real reliability condition.

BPA’s proposal would clearly prevent intermittent generation being exported from within the BPA BA from being treated as firm, but it is not clear what intermittent generation exported from the BPA BA would then be – specifically, whether this type of generation should be considered unit contingent or perhaps even non-firm. The question is further complicated by BPA Business Practice, “Operating Reserves, Version 3,” which defines Operating Reserves as Contingency Reserves and requires all customers to

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make arrangements for the provision of Operating Reserves to support “transmission transactions.” In effect, this BPA Business Practice could be interpreted at present as prohibiting generation within BPA’s BA from being marketed as a unit-contingent or non-firm export. Therefore, the BPA proposal creates substantial uncertainty as to what intermittent generation within the BPA BA actually is, and would likely result in an adjacent or sink BA being required to carry an amount of spinning and supplemental operating reserves equal to the full amount of intermittent generation scheduled in order to adhere to regional reliability standards.

The impact this proposal could have on the ability to market intermittent generation within the BPA BA and/or treat intermittent generation within the BPA BA as a Designated Network Resource is significant and should be addressed. BPA should also clarify the requirements for spinning and supplemental operating reserves under the proposal and remedy any deficiencies or inconsistencies in the BPA Business Practices that exacerbate the impact of the proposal on the market and adjacent and sink BAs. To this end, BPA should also revise its Operating Reserves, Version 3 Business Practice to ensure that BPA is not imposing duplicative costs on transmission customers who are currently receiving Operating Reserve or Control Area Service directly from BPA.

PSE appreciates BPA’s review of these comments and consideration of the recommendations contained herein. By return e-mail, please confirm BPA’s receipt of these comments.

Sincerely,

**Puget Sound Energy, Inc.**

A handwritten signature in black ink, appearing to be 'DM', enclosed within a circular scribble.

David Mills  
Director Energy Supply and Planning