

**BPA Wind Integration Team Initiatives
Update to WIT email list
June-July 2011**

This is the monthly update on BPA's Wind Integration Team initiatives for June and July 2011. If you have questions, contact WIT Program Manager Eric King at 503-230-5236.

BPA adopts new rates for integrating wind; commits to more pilot projects

BPA released its record of decision for the BP-12 rate case in July. The ROD includes a 4.7 percent reduction of the rate for integrating wind onto BPA's transmission grid. The wind integration charge was renamed the Variable Energy Resource Balancing Service to recognize that it will also apply to solar resources.

The total cost of integrating more wind is increasing, but the rate reduction is possible because of some additional geographic diversity of the wind projects connecting to the BPA transmission system and modifications to the calculation of necessary reserves.

BPA made several new commitments in the final ROD that will expand BPA's ability to integrate renewables. These commitments complement the projects outlined in the Wind Integration Team 2.0 work plan and address the need for greater diversity and amount of balancing reserves. The final ROD includes three additional pilot initiatives: the VERBS Supplemental Service Pilot, the Committed Intra-hour Scheduling Pilot and a pilot to acquire nonfederal decremental reserves.

VERBS Supplemental Service Pilot: BPA will conduct the VERBS Supplemental Service Pilot during the fiscal years 2012–2013 rate period. BPA will purchase for customers or customers can self-supply nonfederal balancing reserve capacity to limit DSO 216 curtailments. BPA established a formula rate in the rate proceeding that collects the full cost of any purchases of supplemental balancing reserves that BPA makes for the participating customers. BPA is developing a Supplemental Service business practice and expects to make it available for comment in late August.

Committed Intra-Hour Scheduling Pilot: In the Committed Intra-Hour Scheduling Pilot, participants with a wind project will commit to submit half-hourly schedules. Half-hour scheduling is currently voluntary, so BPA cannot assume any reduction in the need to carry balancing reserves. Committed half-hour scheduling could improve scheduling accuracy and reduce the need for balancing reserves. In exchange for this commitment, participants would pay a reduced VERBS rate and would be exempt from persistent deviation penalties. BPA is developing a Committed Intra-Hour Scheduling business practice.

Dec acquisition pilot project: The VERBS rate includes the costs (\$4 million) of a pilot program for BPA to acquire nonfederal decremental (*dec*) reserves in which a generator



decreases generation to balance unexpected increases in wind generation. BPA purchased *dec* balancing reserve capacity from a nonfederal resource in the 2010 fiscal year and believes that provides the foundation for expanding *dec* purchases during the fiscal years 2012-2013 rate period. Part of this pilot includes system upgrades.

BPA issues RFP for decremental power reserves

BPA is requesting proposals for within-hour light load hour decremental reserves for the 2012-2013 rate period. The agency would use the purchased reserves to replace the provision of decremental balancing reserve capacity from the FCRPS.

This is the second phase of the pilot program BPA conducted in the fall of 2009 in which the agency obtained decremental reserves from a third party. This RFP is intended to both broaden the amount of decremental reserves purchased and increase the length of the purchase.

Responses to the RFP are due to BPA by Sept. 30. Formal questions about the RFP, which is posted at <http://www.bpa.gov/corporate/WindPower/>, should be submitted to decingrpf@bpa.gov. A Q and A session will be held for potential bidders from 9 a.m. to noon, Aug. 24 in the BPA Rates Hearing Room.

BPA expects the decremental services will be online in July 2012.

BPA expands intra-hour scheduling practices

BPA expanded its Intra-Hour Pilot in late June to accept new 30-minute schedules from any utilities sending power into or through the agency's system. By October, BPA expects to take its intra-hour scheduling flexibility even further, allowing generators to reduce schedules at the half-hour as well.

BPA began allowing wind generators to market and transmit energy on 30-minute schedules in December 2009. Wind generators have submitted new transmission schedules on the half-hour almost 1,200 times since the pilot began. Wind generators have marketed more than 85,000 megawatts of energy through the shorter-term schedules they may have otherwise lost.

The shift to standardized intra-hour scheduling is a cooperative effort of the [Joint Initiative](#) which is supported by three sub-regional transmission groups in the Western Interconnection: Northern Tier Transmission Group, ColumbiaGrid and WestConnect.

The Joint Initiative parties are also developing a web-based Intra-Hour Transaction Accelerator Platform to help parties identify opportunities for intra-hour transactions, assess available transmission and efficiently complete the transactions. The platform, called webExchange, will be operational this fall.

Wind Integration Forum Steering Committee update

The Wind Integration Forum steering committee reconvened in early June. Members committed to work together on wind integration challenges. They also recognized that regional wind development is likely to slow down substantially for several years after projects currently under construction are completed. However, they agreed that substantial uncertainty exists about the future pace of development. BPA will lead an effort to verify that a plateau is likely.

Members agreed that such a plateau should not be used as an excuse to slow down efforts to solve integration challenges. BPA and the Council will explore a suitable forum to prepare for a higher than expected level of wind development.

The meeting resulted in seven action items, many of which BPA is addressing through ongoing work. The list of action items – including BPA’s role – and meeting notes are posted at www.nwcouncil.org/energy/Wind/meetings/2011/06/.

The steering committee will meet again, possibly in late fall, to check on the progress of the action items. The committee is co-chaired by Steve Wright, BPA Administrator, and Tom Karier, Washington member of the Northwest Power and Conservation Council.

BPA replies to FERC complaint on environmental redispatch

BPA responded July 19 to a complaint filed with FERC by several wind energy companies and utilities with wind projects in BPA’s transmission system. Their June 13 complaint argued that BPA’s interim policy on environmental redispatch discriminated against wind energy. They also called on FERC to treat BPA as it would treat investor-owned utilities under its jurisdiction.

In practice, BPA actually favors wind over other generation. During the recent spring runoff period, with near-record streamflows, BPA redispatched wind *last* among generators. BPA’s reply explains that it supports wind energy and adopted the policy as a last resort to meet its environmental and statutory mandates. It notes that the Ninth Circuit Court of Appeals, not FERC, is the appropriate forum for the complaint. It explains that, where the complaint strays far beyond the issues of environmental redispatch, its requested remedies would exceed FERC’s congressionally directed authority. Due to the intense interest in these issues, many national and regional entities as well as BPA customers and customer groups also filed replies with FERC.

BPA urges FERC to reject the complaint and so send the complainants and all parties a clear signal to return to a regional process that supports reliability, protects the environment and encourages renewable resource integration.

BPA requests comments on Wind Generation Forecasting Initiative

BPA is inviting interested parties to comment on issues associated with implementing the new data requirements for wind generators. BPA identified this initiative as a critical part of its wind integration efforts. The outcome of this process will help BPA safely and reliably integrate 6,000 MW of installed wind power into its balancing area by 2013.

BPA sent a [letter to the region](#) Feb. 25 defining its Wind Generation Forecasting Initiative (WGFI). BPA [summarized the key aspects of the initiative](#) at the Joint Operating Committee March 3.

Please submit your comments on the WGFI by Aug. 10 to techforum@bpa.gov with the subject “Wind Forecasting Customer Comments.”

Customer Supplied Generation Imbalance Pilot Phase II update

BPA is working with Iberdrola to address several issues that arose during Phase I of BPA’s Customer Supplied Generation Imbalance Pilot. These changes are not significant. BPA expects to extend the existing participant agreement with modest changes to cover the rate case period.