

January 14, 2009

VIA E-MAIL

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

Re: Comments of Portland General Electric Company on the BPA Technical Proposal Entitled “Connecting Variable Generating Resources to the Federal Columbia River Transmission System (FCRTS)”

Dear Mr. King:

In this letter, Portland General Electric Company (“PGE”) comments on the technical proposal dated December 29, 2008, entitled “Connecting Variable Generating Resources to the Federal Columbia River Transmission System (FCRTS).”

By commenting herein PGE does not waive or consent to any change in its existing contract rights, and PGE reserves any and all of its contractual and other legal rights.

PGE concurs with and would like to adopt the comments filed by Puget Sound Energy, Inc. on this issue on January 13, 2009. In addition, PGE offers the following comments.

Issues for Clarification or Revision with Respect to the Technical Proposal Language in Attachment B

1. Please clarify the formulas and discussion of the Reserve Allocation Methodology proposal in “Attachment B – Reserve Allocation Methodology Proposal.” Specifically, please clarify that Equation 1 is a generic formula, and that reserves held for down regulation and those held for up regulation may differ.
2. If allocation of reserve costs in the FY10-11 rate case differs from the allocation of reserve costs in WI-09, then BPA’s Reserve Allocation Methodology should be modified to be consistent with the FY10-11 allocation of reserve costs.
3. The Technical Proposal sets forth two alternatives, Equation 3 and Equation 4, which BPA apparently proposes to use to curtail schedules in circumstances of under-generation. The Technical Proposal fails to provide definitions for all of the

terms in Equation 3 and Equation 4 (e.g., the Technical Proposal provides no definition for the term “SCE”). Furthermore, the Technical Proposal does not identify which of the two alternatives (Equation 3 or Equation 4) BPA is proposing to actually adopt. Please define the terms of all of the in Equation 3 and Equation 4 and clarify which of the alternative equations BPA is proposing to adopt.

4. In Attachment B, BPA “proposed that the bands be narrowed at the beginning of the hour by the difference between the following requirement based on a 60-minute basis and a 10-minute basis.” Please provide examples with an over generation situation and an under generation situation that explain BPA’s proposal to narrow bands at the beginning of the hour. At this point we do not have enough information to determine whether or not we would support this position. We believe that additional discussion is needed.
5. BPA has confirmed verbally that if the actual total wind capacity installed on their system exceeds the forecast total wind capacity installed, they will pursue a rate increase to cover the incremental costs of carrying the necessary reserves. If this is the case, please confirm that the principle will be applied if the total actual wind capacity installed is less than what was forecasted. That is, that reserves and rates will be adjusted up or down depending upon whether actual total wind capacity installed on BPA’s system exceeds or is less than the total wind capacity forecast to be installed during the rate period.
6. We offer the following edits to Attachment B.

A_j is the reserve allocation for facility j , and R is the total reserve level carried in the BAA for variable generation.

In theory, all projects could operate at A_j (relative to schedule) and reserves would be adequate. Aggregating the wind fleet activity allows some facilities to be above or below their individual limits without causing a system problem. Individual facilities may operate without limitation to their allocated reserves (relative to schedule) under normal circumstances when adequate system-wide reserves are available, subject to imbalance charges.

Sincerely,

Portland General Electric Company

By Stefan M. Brown, Ph.D.

Title BPA Policy Analyst

Cc: Kelsey Colvin, Puget Sound Energy
Phil Obenchain, PacifiCorp