

**BPA Power Business Line Comments**  
**To Transmission Business Line White Paper “Challenge for the Northwest”**  
**May 12,2006**

The BPA Power Business Line (PBL) appreciates the opportunity to comment on the BPA Transmission Business Line (TBL)’s concepts for congestion management. We support TBL’s objectives for congestion management. Our comments focus on four specific areas:

**1. Least Cost/Cost Effectiveness**

PBL supports TBL’s suggested emphasis on least cost reliability and cost-effective commercial adequacy. TBL should develop a least-cost transmission action plan for the region that incorporates all the approaches identified in the white paper, in a way that minimizes overall costs to the region, provides reliability and is tariff compliant. Cost analysis should take the perspective of the region’s consumers. Specific needs of customers should be identified and addressed. Among those needs are:

- Customers need transmission to load for new generation investments.
- Customers need the flexibility to market the output of new generation in its initial years of service.
- Customers need assurance that new firm transmission contracts will not degrade their existing firm transmission service.

**2. Cost Allocation**

There are cost-distribution issues related to impacts on PBL and TBL customers, as well as to distribution of costs between holders of existing transmission rights and parties seeking new rights, and between holders of firm versus non-firm rights. While distributive impacts may not be a primary factor in decision making, they should be considered in analysis of alternatives. The transmission provider should manage risks associated with transmission service and spread costs of risk management appropriately.

**3. Redispatch**

Redispatch can potentially be used in several ways:

- a) As a real-time tool to maintain reliability;
- b) As a response or alternative to curtailment for either network or point-to-point transmission; and
- c) As redispatch (or pre-dispatch) instructions to generators for the purpose of heading off potential problems or increasing ATC, ahead of the delivery hour.

Each of these uses has specific requirements. PBL recommends giving priority to the use of redispatch for the purpose of heading off potential problems rather than relying on it as a tool to be used in real-time to deal with problems. However, if redispatch is needed to solve real-time problems, PBL recommends that it be done consistent with the tariff and transmission services should not be sold if they exceed the capability of the system, with pre-planned redispatch included.

Fair market compensation for redispatch, on a per-unit basis, is needed to ensure appropriate cost distribution among groups of BPA customers.

#### **4. Proactive Management**

Development of a proactive tool involves trading off accuracy and complexity against implementation ease and cost. Criteria that support and define the accuracy/effectiveness vs. cost trade-off are needed. TBL should seek regional agreement on specific design objectives and then develop a proactive management system within those objectives. For example, objectives could include regionally acceptable:

- Number of zones
- Scheduling windows and flexibilities
- Reliability of service
- Time frame for market adjustments
- Costs of changes to scheduling
- Electrical similarity within zones
- Relationship of zones to current ownership and control area patterns.

To summarize, all approaches identified in TBL's white paper should be pursued. Clarification of principles, criteria, and objectives is needed, along with development of detailed action plans for each approach. The proactive management approach is a key component of TBL's near-term efforts, but not to the exclusion of the other approaches outlined in the white paper.