

Renewable Northwest Project

917 SW Oak
Suite 303
Portland, OR 97205

Phone: 503.223.4544
Fax: 503.223.4554
www.RNP.org

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Renewable Northwest Project

May 15, 2006

Bob King
Congestion Manager
Bonneville Power Administration

Subject: Comments on Congestion White Paper

The Renewable Northwest Project (RNP) supports Bonneville Power Administration's (BPA) intent to address the growing congestion problems presented in their recent white paper, "Challenge for the Northwest: Protecting and managing an increasingly congested transmission system." In the white paper, BPA has made a strong case that action is needed to implement solutions that will help avoid congestion that threatens the reliability of the grid, and to help relieve congestion when the operators determine the system is overloaded. The transmission system is being run dangerously close to its operating limits, and we cannot continue to push out maintenance of the aging high voltage transmission system to avoid loss of capacity during line outages. We must not continue to ask how big this problem is. It is time for the region to begin to address it before we experience another cascading outage. RNP looks forward to being an active participant in discussions of proposed solutions.

At this time, we have some high level comments that we hope will help direct the effort. The five approaches presented in the white paper, and possibly others, should be considered. However, we encourage BPA to look not for one solution, but for solution sets. Solutions sought should be both pro-active and reactive. We believe redispatch has great promise in addressing congestion both day-ahead and in real time. BPA should also related work that has been done in the region already, such as analysis in Grid West, and the work that is currently being done in Columbia Grid.

While solutions that require tariff changes can be considered, BPA should consult early with FERC so that minimal effort is spent on proposed solutions that would threaten BPA's ability to receive reciprocity from other FERC jurisdictional transmission providers. If tariff compliance is not addressed in these solutions, BPA runs the risk of having FERC decide which solutions are acceptable.

The approaches presented in the white paper consider a short-term plan to improve the efficiency with which BPA responds to congestion in real time and a mid to long-term plan to manage congestion pro-actively. Short-term solutions are necessary to manage Operating Transfer Capability (OTC) violations, but we want to stress that long-term solutions must also be a priority.

Short-Term

BPA's current practice of curtailing intertie schedules is inefficient in achieving the needed relief on congested flowgates. This can be more disruptive to the market than cutting schedules with greater impact on the congested flowgate. Neither this practice nor BPA's proposed short-term solution of using curtailment calculators are tariff compliant solutions.

To manage expected congestion in the summer of 2006 and possibly through 2007, BPA curtailment calculators should enable operators to get into compliance more efficiently by cutting schedules that have the most impact on the flow gate that is out of compliance. However, curtailment calculators are a reactive solution and will not reduce congestion.

Mid-Term to Long-Term

While curtailment calculators could be used as a long-term solution, RNP believes they should be considered temporary until more proactive and tariff compliant solutions can be put into place. In the long-term BPA needs solutions that allow operators to predict congestion ahead of time and adjust schedules prior to real time. And they must be able to make a meaningful distinction between firm and non-firm power in order to curtail in a priority order.

Commercial redispatch, building new transmission lines, and non-wires solutions can all help avoid situations where curtailment is needed to avoid congestion. And while we support the use of these methods, none of these solutions provides a tariff compliant method of curtailment when congestion does happen. We encourage BPA and its stakeholders to thoroughly investigate the potential of redispatch and non-wires solutions, as these may prove to be cost efficient solutions. But some methodology, similar to what was consider by BPA's Constraint Schedule Management (CSM) effort, should ultimately be used as well.

RNP urges BPA to move forward with its discussion of potential solutions to congestion management, and to move forward with implementation quickly. We must avoid:

- putting reliability at risk,
- continuing to be out of compliance with tariffs and reliability standards, and
- reduced economic efficiency.

We appreciate the opportunity to provide these initial comments, and to participate fully in the public process BPA is holding to discuss potential solutions to congestion.

Sincerely,

Natalie McIntire
Senior Policy Associate