

Journal

August 2011

BPA adopts new wholesale power rate

BPA adopted a 7.8 percent average wholesale power rate increase. The new wholesale power rate supports needed improvements to ensure the region's 31 federal dams and one nuclear plant can continue to reliably deliver carbon-free, affordable power to Northwest homes and businesses. BPA's transmission rates are holding steady or decreasing, while BPA is reducing its renewable energy integration rate slightly. The new rates take effect Oct. 1, 2011.

"We need to make careful investments to protect the substantial value of the Northwest power system, but we also need to keep rates as low as possible, especially since the economy is still struggling," said Steve Wright, BPA administrator. "This rate strikes a balance that allows us to replace and refurbish aging equipment at the dams and Columbia Generating Station and maintains the momentum of our efforts to protect endangered salmon."

BPA also is able to announce that, due to this year's above average water conditions, there will not be an additional within-year rate increase for fiscal year 2012. The initial rate proposal included a one-in-three chance that such a surcharge would be necessary, based on BPA's financial performance in 2011.

BPA power customers will operate under new long-term contracts for the first time this rate period. The contracts are a result of BPA's multi-year regional dialogue process. Under those contracts, BPA customers receive a designated amount of BPA power at the new, lowest cost, tier one wholesale rate. Any power necessary to serve their energy needs beyond that amount will be purchased from BPA at a slightly higher rate or from the customer's own source.

The new wholesale power rates would affect Northwest consumer-owned utilities such as public utility districts, tribal utilities, cooperatives, municipalities and federal entities. BPA sells power to investor-owned utilities and direct-service industries under different rate structures.

Transmission Rates

Last December, BPA and its transmission customers reached a partial settlement to avoid a transmission rate increase. Under the settlement, BPA will use some of its financial reserves to cover transmission costs, keeping rates level in fiscal years 2012 and 2013. BPA transmission rates are separate from wholesale power rates and apply to Northwest utilities and others that transmit electricity on high-voltage BPA lines.

However, the December settlement did not cover the costs of integrating wind power and other generation into the grid or use of the Montana Intertie.

The Montana Intertie transmission rate will decrease by 54 percent. The 500-kilovolt power line integrates generation

from Montana's Colstrip power plant into BPA's transmission system. BPA also is adopting a separate rate for the cost of providing services to non-federal thermal resources connected to its transmission system to ensure equitable treatment of thermal and variable energy resources.

Variable Energy Resource Balancing Service

BPA also announced it will reduce by 4.7 percent the rate for integrating wind onto its transmission grid. The total cost of integrating more wind is increasing, but the 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.

Today, there are more than 3,500 megawatts of wind connected to the BPA transmission system. This is equivalent to the installed capacity of three typical nuclear plants. By Sept. 30, 2013, the end of this rate period, that amount is expected to grow to approximately 5,500 megawatts.

BPA anticipates having the capability to integrate the projected wind coming onto the BPA system through 2013 but is rapidly running out of system flexibility. BPA has developed mechanisms to acquire more balancing reserves if the growing amount of wind

Watch us work

FIND OUT WHAT WE'RE UP TO. This month, we showed you how:

- We're removing obstacles to salmon recovery. The Confederated Tribes of the Warm Springs Indian Reservation and the Wheeler Soil and Water Conservation are teaming with BPA and other federal agencies to give eastern Oregon's Bridge Creek a makeover. The result: better habitat to help recovery of Northwest salmon and steelhead.
- Fish screens save fish; feed the economy. Fish screens throughout the Northwest are saving thousands of salmon, steelhead and other fish by keeping them from straying into irrigation channels. Many of the screens are manufactured in eastern Oregon supporting jobs and helping the region's economy.

TO WATCH these and other videos, go to www.bpa.gov/go/news. You can also visit our **Facebook** page and **YouTube** channel.



outpaces BPA and its customers' ability to integrate it. If the need for more reserves arises, BPA has established mechanisms in this rate proceeding to pass those costs on to the customers using the service. In addition, BPA is providing options for wind generators to obtain additional service or to lower their cost by committing to adjust their schedules every half hour.

BPA adopts Residential Exchange settlement

BPA adopted a landmark settlement of the Residential Exchange Program, with the hope it will lead to the end of years of dispute over the way consumers share the benefits of low-cost hydroelectric power from the Columbia River system.

In signing the agreement, BPA Administrator Steve Wright applauded regional utility leaders and others who set aside longstanding litigation and its uncertain effect on power rates to support the settlement.

"I'm grateful for the dedication and determination of all those who have helped us find a better path forward," Wright said. "Northwest citizens are far better off as a result of the time and patience the parties invested in the negotiations. We all owe them a debt of gratitude for getting us where we are today."

The settlement reduces a significant element of uncertainty and risk from BPA's power rates for the vast majority of utilities in the region.

The parties supporting the settlement include all six regional investor-owned utilities, three state utility commissions, several consumer-owned utility groups, a retail ratepayer advocacy group and consumer-owned utilities representing 88 percent of those receiving power from BPA. Together supporters of the settlement provide about 93 percent of power consumed in the Pacific Northwest.

Shorter-term scheduling boosts market flexibility

Power producers and others will now have the option of buying, selling and transmitting energy across multiple transmission systems on a half-hour basis instead of an hourly basis. The shorter timeframe provides more market flexibility to respond to unexpected changes in power generation and demand and make more effective use of available transmission lines to deliver energy.

"This is one of the most significant changes in the West's wholesale electricity market in many years," says Brian Silverstein, senior vice president of Transmission Services. "It's the result of strong regional collaboration to make wholesale energy markets more flexible and responsive to the changing needs of the power system."

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 introduction of intra-hour scheduling comes amid heightened efforts to balance the variable output of the region's growing fleet of wind energy projects. By the end of 2011, the Pacific Northwest will have more than 6,000 megawatts of installed wind generation, and participating utilities in the Desert Southwest and Rocky Mountain regions anticipate about 2,600 megawatts of wind generation and 150 megawatts of solar generation. Intra-hour scheduling and other potential balancing solutions will help maintain reliability as wind and solar generation varies and keep costs to consumers as low as possible.

Power producers could benefit by finding buyers for additional power available over shorter periods, such as when unexpected surges in wind generate extra electricity, or to draw on more widespread energy resources to fill gaps when generation declines.

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.

Draft study forecasts climate change impacts

Northwest river flows could increase in winter and decrease in summer. That's one of the key findings in a draft climate change report released July 18 by BPA, the U.S. Army Corps of Engineers and U.S. Bureau of Reclamation.

The draft report summarizes possible effects of climate change on hydrology and water supplies in the Columbia River Basin and how that may affect operation of the 31 federal dams on the Columbia River and its tributaries.

Data indicates that the most significant impact may not be the amount of precipitation that falls in the region but rather when and how it will be delivered as streamflow. This will impact how the Columbia River and its tributaries will be managed for flood control, power generation and the protection of fish and wildlife, including fish listed under the Endangered Species Act.

The federal agencies are integrating the new climate change data into their ongoing modeling and planning efforts on a number of topics, including the Columbia River Treaty 2014/2024 Review, flood risk management and water storage.

For more details, go to www.bpa.gov/power/pgf/HydrPNW.shtml. The final climate change report is due in late August.

Public Involvement [Updates & Notices]

AGENCY PROJECTS

Quarterly Business Review [Regionwide]

BPA will hold its Quarterly Business Review Aug. 2. An agenda and meeting materials are posted at www.bpa.gov/corporate/Finance/financialOverview/index.cfm. BPA staff will review 3rd Quarter FY 2011 financial results and the 3rd quarter forecast, discuss Operational Excellence initiatives and provide updates on capital projects. To receive information via e-mail about upcoming Finance public processes such as the QBR, contact Stephanie Adams at saadams@bpa.gov or 503-230-4671. (See calendar)

Strategic capital discussions [Regionwide]

BPA will host a series of meetings in September to discuss long-term capital investments and the capital needed to fund those investments. The meeting dates have changed and will be held Sept. 19, 20, 21 and 22. Additional details will be provided later; discussion material will be published prior to the meetings. If you have questions, contact Mary Hawken at (503) 230-3421, or your Power or Transmission Customer Account Executive, Tribal Account Executive or Constituent Account Executive. Additional details are available at <http://www.bpa.gov/>

corporate/Finance/Debt_Management/presentations/access-to-capital.cfm. To receive information via e-mail about upcoming Finance public processes, such as these discussions or the Integrated Program Review, contact Stephanie Adams at saadams@bpa.gov or 503-230-4671.

BP-12 Rate case [Regionwide]

BPA adopted a 7.8 percent average wholesale power rate increase to support needed improvements to ensure the region's 31 federal dams and one nuclear plant can continue to reliably deliver carbon-free, affordable power to Northwest homes and businesses. BPA's transmission rates are holding steady or decreasing. The new rates will take effect Oct. 1, 2011. The new wholesale power rates would affect Northwest consumer-owned utilities such as public utility districts, tribal utilities, cooperatives, municipalities and federal entities. BPA also sells power to investor-owned utilities and direct-service industries but under different rate structures.

Environmental Redispatch [Regionwide]

BPA responded July 19 to a complaint filed with the Federal Energy Regulatory Commission by several companies 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 advanced broader arguments about BPA's obligations as a transmission provider. BPA's reply explains that the agency supports wind energy and adopted the policy as a last resort to meet its environmental and statutory mandates. BPA worked closely with stakeholders during the high runoff period sharing operational information, and will continue exploring long-term solutions to temporary power oversupply. For more information, go to www.bpa.gov/corporate/AgencyTopicsColumbiaRiverHighWaterMgmt/.

POWER – PROJECTS UNDER REVIEW

Albeni Falls winter operations [Bonner County, Idaho]

BPA will hold two public meetings and accept comments through Aug. 29 on early findings about potential environmental impacts of flexible winter power operations at Albeni Falls Dam. The normal winter operations at the dam have limited lake level fluctuations to a one-foot range between December and March. BPA proposes that the Corps of Engineers operate Albeni Falls Dam from a one-foot to five-foot range during this time to add flexibility to generate power when it is most needed. A draft Environmental Assessment is available on the Corps website at <http://bit.ly/n0a0wx>. (See calendar).

Proposed CFAC power sales agreement [Regionwide]

BPA will hold a public meeting and accept public comment through Aug. 31 on a proposed power sales agreement between BPA and the Columbia Falls Aluminum Company. Under the agreement, BPA would sell enough power to operate two of five potlines at the Columbia Falls, Mont., smelter. BPA will prepare a Supplement Analysis, expected Fall 2011. The draft agreement is at www.bpa.gov/go/cfacpowersales.

FISH AND WILDLIFE – PROJECTS UNDER REVIEW

Kalispel Memorandum of Understanding [Pend Oreille County, Wash.]

BPA accepted comments through Aug. 1 on a proposal to enter into a 10-year funding commitment with the Kalispel Tribe for fish and wildlife mitigation projects. For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Kalispel_MOA/.

Yakama Nation Mid-Columbia Coho Restoration Project [Chelan and Okanogan Counties, Wash.]

BPA released a draft EIS in June and is accepting comments through Aug. 8. For information, go to www.bpa.gov/go/midcolumbiacoho. (See calendar)

Springfield Sockeye Hatchery Project [Bingham County, Idaho]

BPA is preparing a Supplement Analysis on the proposed Springfield Sockeye Hatchery Project. For information, go to http://efw.bpa.gov/environmental_services/Document_Library/Springfield_Sockeye_Hatchery/.

Klickitat Hatchery Program [Klickitat and Yakima counties, Wash.]

BPA released a Draft EIS July 28 and will hold a public meeting Aug. 10. Comments will be accepted through September 12. For more information, go to www.efw.bpa.gov/environmental_services/Document_Library/Klickitat_Hatchery_Program/. (See calendar).

Northeast Oregon Hatchery Program, Grande Ronde-Imnaha Spring Chinook Hatchery Project [Wallowa County, Ore.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Grande_Ronde/.

TRANSMISSION – PROJECTS UNDER REVIEW

Regional Network Open Season and Generation Interconnection Reform [Regionwide]

BPA hosted an all-day public scoping meeting July 20 to discuss redesign of the Network Open Season process and Generator Interconnection queue and finance policy reform. BPA is inviting stakeholders to submit meeting feedback and initial comments on NOS and GI reform by Aug. 10 to techform@bpa.gov with "Network Open Season and GI Reform Comments" in the subject heading. BPA is planning a follow-up workshop during the second half of September, date to be determined.

Big Eddy-Knight Transmission Project [Wasco County, Ore., and Klickitat County, Wash.]

BPA released the final EIS July 15 and expects to publish its final record of decision in September. BPA is proposing a new 500-kilovolt transmission line between BPA's existing Big Eddy Substation in The Dalles, Ore., and a new substation (Knight) under an existing BPA line near Goldendale, Wash. For information or to view or request a hard copy of the final EIS, go to www.efw.bpa.gov/environmental_services/Document_Library/Big_Eddy-Knight/.

Lund Hill Wind Interconnection Project [Klickitat County, Wash.]

BPA will accept comments through Aug. 26 on a request from Iberdrola Renewables, Inc., to interconnect up to 60 megawatts from the proposed Lund Hill Wind Project. To interconnect the project, BPA would build a new substation, the Wood Creek Substation, along an existing BPA transmission line near Roosevelt, Wash. BPA will complete a ROD in fall or winter 2011. For information, go to www.bpa.gov/go/lundhillwind.

Grand Coulee Dam Line Replacement [Okanogan, Grant and Douglas counties, Wash.]

For information, go to www.bpa.gov/go/coulee.

I-5 Corridor Reinforcement Project [Oregon and Washington]

BPA is proposing a new 500-kilovolt transmission line from a new substation near Castle Rock, Wash., to a new substation near BPA's Troutdale Substation, Troutdale, Ore. A draft EIS is scheduled for fall 2011 followed by a formal comment period. For information, go to www.bpa.gov/go/i5.

Creston-Bell Transmission Line Rebuild [Lincoln and Spokane counties, Wash.]

BPA is proposing to rebuild approximately 54 miles of 115-kilovolt wood pole transmission line. For information, go to http://efw.bpa.gov/environmental_services/Document_Library/Creston_Bell/.

Albany-Eugene Transmission Line Rebuild [Lane and Linn counties, Ore.]

BPA is proposing to rebuild approximately 32 miles of a 115-kilovolt wood pole transmission line. A draft EIS is expected in summer 2011. For information, go to www.bpa.gov/go/albany-eugene

Hooper Springs Transmission Project [Caribou County, Idaho]

BPA is proposing a new 115-kilovolt transmission line and a new

138/115-kV substation, called Hooper Springs Substation, in Caribou County, Idaho. For information, go to www.bpa.gov/go/hoopersprings.

Juniper Canyon II Wind Interconnection Project [Klickitat County, Wash.]

Iberdrola Renewables, Inc., asked BPA to interconnect up to 101 megawatts from the proposed Juniper Canyon II Wind Project. To interconnect the project, BPA would build a new substation, the Wood Creek Substation, along an existing BPA transmission line near Roosevelt, Wash. BPA will complete a ROD in fall or winter 2011. For information, go to www.bpa.gov/go/junipercanyonll.

Radar Ridge Wind Project Interconnection [Pacific County, Wash.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Radar_Ridge_Wind_Project/.

Whistling Ridge Energy Project [Skamania County, Wash.]

BPA and Washington Energy Facility Site Evaluation Council are planning to release a final EIS this summer 2011. For information, go to www.bpa.gov/go/whistling.

Horn Butte Wind Project [Gilliam and Morrow counties, Ore.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Horn_Butte_Wind_Project/.

Antelope Mountain Communication Project [Deschutes County, Ore.]

For information, go to www.bpa.gov/corporate/public_affairs/docs/2010/.

Transmission Services Facility Project [Vancouver, Wash.]

For information, go to www.efw.bpa.gov/pdf/Transmission_Services_September_2009.pdf.

FISH AND WILDLIFE – PROJECTS UNDER CONSTRUCTION

Chief Joseph Hatchery Program [Okanogan County, Wash.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Chief_Joseph/.

Lyle Falls Fish Passage Project [Klickitat County, Wash.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Lyle_Falls/.

TRANSMISSION – PROJECTS UNDER CONSTRUCTION

Bandon-Rogue No.1 Transmission Line Rebuild [Coos and Curry counties, Ore.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Bandon-Rogue_Rebuild/.

Walla Walla-Tucannon River Transmission Line Rebuild [Walla Walla and Columbia counties, Wash.]

BPA released a FONSI in May and decided to proceed with the project. Construction started in May and will be complete in fall or winter 2011.

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Walla_Walla-Tucannon_River_Rebuild/.

Central Ferry-Lower Monumental Transmission Line Project [Garfield, Columbia and Walla Walla counties, Wash.]

For information, go to www.bpa.gov/go/centralferrylomo.

Juniper Canyon I Wind Interconnection Project [Klickitat County, Wash.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Juniper_Canyon_Wind/.

Albeni Falls-Sand Creek Transmission Line Project [Bonner County, Idaho]

For information, go to www.transmission.bpa.gov/PlanProj/Transmission_Projects/default.cfm?page=albe.

McNary-John Day Transmission Line Project [Sherman and Umatilla counties, Ore., Klickitat and Benton counties, Wash.]

For information, go to www.transmission.bpa.gov/PlanProj/Transmission_Projects/.

Leaning Juniper II-Jones Canyon Substation Expansion Wind Interconnection Project [Gilliam County, Ore.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Leaning_Juniper/.

Palisades-Goshen Transmission Line Reconstruction [Bonneville and Bingham counties, Idaho]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Palisades/.

CALENDAR OF EVENTS

To view BPA's public involvement calendar, go to www.bpa.gov/go/calendar. For Americans with Disabilities Act accommodations, please call toll free 800-622-4519.

CFAC power sale public meeting:

- **Aug. 1**, 3 to 7 p.m., Discovery Square, Sperry Auditorium, 540 Nucleus Ave., Columbia Falls, Mont.

Quarterly Business Review:

- **Aug. 2**, 10 a.m. to 3:45 p.m., BPA Rates Hearing Room, 911 N.E. 11th Ave., Portland, Ore.

Albeni Falls winter operations public meetings:

- **Aug. 3**, 5 to 7 p.m., Camas Center for Community Wellness, 1821 N. LeClerc Road, Usk, Wash.
- **Aug. 4**, 4 to 7 p.m., Sandpoint Center (Panhandle Bank), 414 Church Street, Sandpoint, Idaho

Transmission Issues Policy Steering Committee:

- **Aug. 9**, 10 a.m. to 1 p.m., Multnomah Room, PDX Conference Rooms, Portland International Airport

Klickitat Hatchery Program public meeting:

- **Aug. 10**, 5:30 to 8:30 p.m., 5th Street and State Highway 14, Lyle Lions Club Community Center, Lyle, Wash.

CLOSE OF COMMENT

- **Aug. 8**, Mid-Columbia Coho Restoration Project
- **Aug. 10**, NOS and GI Reform Project
- **Aug. 26**, Lund Hill Wind Interconnection Project
- **Aug. 29**, Albeni Falls winter operations
- **Aug. 31**, CFAC power sale

The Journal is a monthly publication of the Bonneville Power Administration. If you have questions or comments, or you want to be added to the mailing list for any project, call toll free (800) 622-4519.

To order copies of documents, call: (800) 622-4520 or (503) 230-7334. Written comments may be sent to: BPA, P.O. Box 14428, Portland, OR 97293-4428. E-mail address: comment@BPA.gov. BPA home page: www.bpa.gov. For details on BPA environmental reviews listed above, including site maps and documents issued to date, see www.efw.bpa.gov/environmental_services/nepadocs.aspx. Process Abbreviations: EA-Environmental Assessment, EIS-Environmental Impact Statement, ESA-Endangered Species Act, FONSI-Finding of No Significant Impact, NOI-Notice of Intent, ROD-Record of Decision.

