

McMinnville would like to submit the following comments to the "BPA Response" dated October 19, 2007. We are primarily concerned with Section 1 titled, "Provide Resource Flexibility for Load Following Customers with dispatchable resources". The policy direction being considered is a departure from the current flexibility associated with the operation of dispatchable resources.

Section 5(b)(1) of the Northwest Power Act requires BPA to sell to each requesting public preference customer sufficient power to meet that customer's net requirement. The 5(b)/9(c) policy was adopted on May 23, 2000, to provide BPA guidance in making the factual determinations necessary to calculate a customer's net requirement. In determining the amount of Federal power that BPA is obligated to sell to a public preference customer, the 5(b)/9(c) policy requires BPA to take into account changes in the customer's hydroelectric resource capability based on coordinated planning.

Section III.D. of the 5(b)/9(c) policy addresses BPA's obligation to determine appropriate changes in the amount of Federal power sold and purchased during the term of a contract. To that end, the policy requires BPA to make an annual determination of a customer's net firm requirements in the following manner. First, the 5(b)/9(c) policy requires BPA to account for: (a) the generating and contractual resources a customer is required to use to serve firm power load in the region under section III.A.1(b) of the policy (b) additional resources a customer has elected to use under section III.A.1(d) of the policy (additional generating and contractual dedicated resources); and (c) power purchases from the market that a customer has contractually committed to purchase in the 5(b)(1) contract, consistent with section III.A.1(d) of the policy (market purchases).

Further, the 5(b)/9(c) policy requires BPA to make adjustments for:

- 1) changes in a customer's new renewable resources used to serve retail firm power load in the region, as provided for in section III.C.1 (renewable resources);
- 2) changes in the customer resources serving its load pursuant to III.A.1.(b) and III.A.1.(d) based on BPA's determination of a statutory discontinuance under section III.B.
- 3) any reductions in the amount of power a customer may purchase under a section 5(b)(1) contract due to the annual export review under section III.D.3; and,
- 4) *changes in the customer's hydroelectric resource capability declarations due to changes in coordinated planning allowed under section III.A.1(e).* [Emphasis Added].

McMinnville believes it is appropriate and necessary that customers retain the ability to declare hydro resources annually. Requiring customers to make multi-year declarations

may require utilities to deliver firm energy that they no longer possess due to changes in the PNCA regulation.

McMinnville desires to retain an annual declaration of its hydro resource. Discussions with Cowlitz indicate that they also are supportive of this position. Alternatively, we would like to re-evaluate the Service and Exchange Product or like product which would enable non-federal resources to be scheduled to load.