



Public Power Council

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Via Electronic Mail

May 28, 2009

Mark O. Gendron
Vice President, Northwest Requirements Marketing
Bonneville Power Administration
905 NE 11th Avenue
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Dear Mark:

We'd like to thank you for having a workshop on transition High Water Marks (HWM). We understand that this is a new process for BPA, and we realize that this was a first cut at determining the amount of load eligible for Tier 1 service, and the amount of resources available to serve this load. We also are preparing comments on how to address the calculation of Tier 1 System Capability in the long-term, but we wanted to get these comments on the transition Tier 1 System Capability to you now.

BPA staff distributed material at the May 19th workshop giving BPA's view of the expected energy from Tier 1 resources, using numbers that were not documented, and that do not track to any other document.

The estimate of the output of the resources used in setting the transition High Water Mark is important because it will determine a utility's exposure to the load shaping charge in FY 2012 and 2013. If resources are understated that exposure will be increased. Also, customers would be forced to purchase more above HWM power than may actually be needed to meet their loads.

Our analysis of the resource output shown on the table entitled "Federal System Tier 1 System Firm Critical Output" indicates that the resource output shown there may be understated for these larger facilities. For example, in the regulated hydro section below are the data for the most significant divergences (greater than 10 aMW) from the 2007 Whitebook (published in March 2008).

	Table 1	2007 Whitebook, page 176, 178
Chief Joseph	1,104	1,128
Grand Coulee	1,898	1,967
John Day	<u>805</u>	<u>820</u>
	3,807	3,915

The total divergence for these facilities is 108 aMW.

On Table 3.2 (Designated Non-Federally Owned Resources), the output for Columbia Generating Station is listed at 1,030 aMW in FY 2012 and 878 aMW in 2013 for an average value of 954 aMW. The rated output of CGS is 1,150 aMW. Also in FY 2011 CGS will undergo a condenser replacement that will increase the output level of the plant by 23 aMW. Combining the output used in the Energy NW budget for FY 2012 (non-outage year) and FY 2013 (outage year) from the FY 2009 CGS Budget and Long Range Plan gives an average output of 1,018 average MW. Thus, we feel that the output of CGS is understated by 64 aMW.

A summation of the resources included in the THWM process and those included in other regional studies is shown below.

Table 2	THWM Process	Regional Studies	Difference
Regulated Hydro	3,807	3,915	108
CGS	954	1,018	64
Total	4,761	4,951	172

Taking the above elements together yields a total difference of 172 aMW. As such, we suggest that BPA revise its output estimate for these resources. An upward adjustment on the order of between 75 and 150 aMW seems reasonable. This will reduce the above HWM exposure for FY 2012 and 2013 by about half.

We look forward to discussing these matters with you. Please me know if you have any questions about these comments.

Sincerely,

/s/

Kevin O'Meara
Deputy Director
Public Power Council

cc: Tim Misley
Scott Wilson