The utilities comprising the Western Public Agencies Group (“WPAG”) appreciate the progress at BPA in focusing asset investment on the business case for each asset and the value it provides to customers. It is essential to the success of the region for BPA to invest in the most valuable aspects of the Federal Power and Transmission System.

Overall, the benefits to customers take a little dissecting between the various processes. Assuming these processes in themselves don’t cost more than the efficiency of investment gained, we support the additional scrutiny on asset plans in a more organized and industry standardized way. There does seem to be strategic focus at BPA that starts with the Strategic Plan, feeds into the Strategic Asset Management Plan, which feeds into the Asset Plans that form the Budget for Integrated Program Review costs that go into rates and capital projects that ultimately get authorization to proceed, funding and procurement.

BPA admits that measuring success in this area is still a work in progress, but there does seem to be evidence of increased sophistication in approach and of success in the overall stable rates with budgets focused in business value areas. Unfortunately, some of the resulting delivery of efficient capital execution suffered from pandemic related delays and the fruit may still be on the vine.

To better understand the progress and benefits to customers, it would be useful to have follow-up responses, either in form of written responses or links to the specific data items or previous postings, to the items below:

1. Please confirm the list of Asset Categories subject to the Strategic Asset Management Plan process and any Asset Categories that are not?
2. Please provide a list of prioritized assets for one of the Asset Categories subject to the Strategic Asset Management Plan and then a companion list of this same population of assets that made it into the Asset Plan and ultimately into Integrated Program Review budgets.
3. Please give an example of a change that happened to Integrated Program Review budgets because of customer feedback on Strategic Asset Management Plan or Asset Plan prioritization.
4. Give an example of an asset that was a priority in the BPA 2018-2023 Strategic Plan, went through the entire process and is now in service.
5. Give an example of an asset that was not a priority in the BPA 2018-2023 Strategic Plan, went through the entire process and did not get ratepayer funding.

Thank you for the opportunity to comment.

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January 19, 2022

COMMENTS OF NIPPC – FINANCIAL PLAN REFRESH

Thank you for the opportunity to provide comments and pose questions following the Financial Plan Refresh workshop on January 12, 2022.

First, the presentation on January 12 seemed to focus on managing replacement of existing assets. While NIPPC agrees that it is important to have a plan in place to manage the financial impacts of replacing existing assets, NIPPC is just as concerned that BPA develop a plan that ensures the financial flexibility to add new assets to BPA’s transmission grid. The Strategic Asset Management Planning (SAMP) process described in detail during the workshop on January 12 seems especially suited to the management of existing assets, particularly in identifying when the replacement of equipment is appropriate. NIPPC is less confident that the SAMP process is adequate to meet the needs of BPA and its customers in predicting the need for new assets – especially the new and upgraded transmission infrastructure that the region will need to meet the new clean energy targets of Oregon and Washington. For clarity’s sake, does BPA intend the SAMP to help anticipate future incremental demand for transmission capacity? If not, how does BPA incorporate that kind of anticipatory information, if at all, into its capital investment plans?

Second, NIPPC had previously asked how BPA was able to forecast its transmission capital requirements for 20 years out. BPA responded:

The forecasted debt issuance aligns to the capital investment plans outlined in Strategic Asset Management Plans (10 year plan). For years 11 and beyond we apply an inflation assumption.

Please provide the inflation assumption formula that BPA applies to the SAMP 10 year plan for years 11 to 20. Is the inflation assumption applied only to year 10 investment; or to the average investment for years 1 to 10. Or is there some other formula? Given the “lumpiness” of large new transmission assets (or other grid assets like the proposed Vancouver Control Center), NIPPC would be concerned about a formula that applies an inflation assumption to a single year’s capital requirement.

Finally, during the presentation, BPA indicated that its SAMPs are “peer reviewed.” The presenter specifically referenced that Power employees review and comment upon the draft Strategic Asset Management Plan prepared for Transmission. NIPPC requests additional information to understand how this peer review is consistent with FERC’s Standards of Conduct. The “no-conduit” rule prohibits passing non-public transmission function information to marketing function employees. The “transparency rule” imposes posting requirements to help detect instances of undue preference due to the improper disclosure of non-public transmission function information. NIPPC is concerned that the sharing of draft Transmission SAMPs which outline transmission infrastructure maintenance, repair and replacement for the coming rate period may provide BPA’s marketing employees with early notice of transmission outages and line de-rates in violation of the Standards of Conduct rules. With this advance notice, BPA’s market function could have a head start over other market participants in making alternative transmission arrangements. Please explain how sharing the draft SAMP is consistent with, and does not violate, the Standards of Conduct.