



May 12, 2023

Via Email: Tech Forum

To: Bonneville Power Administration

From: PNGC Power

RE: PNGC Comments on TC-25 Generator Interconnection Reform

PNGC submits these comments regarding recent Generator Interconnection (GI) Reform workshops. We want to reiterate the importance of getting any reform done correctly to encourage and support generation coming online.

A scenario where we create further disruption to the market is imperative BPA avoid. The region needs infrastructure development including generation resources and transmission assets. We need this to meet load growth reliably, to meet regulatory obligations, and cannot forget the economic ramifications to these decisions. We must consider the practical reality of power contracting in the PNW including the months if not years of investments, negotiations, credit approval, and board approvals necessary to get deals done and resources online. Rushing entities out of the queue, or adding further burdensome costs may greatly impact financing, project viability in a timely manner, negotiations, and final costs past along to retail rate payers.

Too much disruption to the queue can have big impacts on the market, the number of studies BPA needs to conduct, and delay necessary development work around the areas of the system that are most advantages for upgrades to facilitate new generation. A process that disrupts queue order and past cluster studies will just cause more studies, which only puts greater pressure and constraint on BPA staff. This delays the ability of viable projects to come online during a time where the region greatly needs new resources to meet load growth and regulatory programs.

There will undoubtedly be cost increases to meet this transition. The most important element is that BPA has the staff to enable them to efficiently study areas of need and progress through the queue. Ensuring this staffing, planning process, and related commitments made to date needs to be a top priority addressed in TC-25. A cluster study approach, that allows sub-grouping of interconnection customers to be studied together, to reduce workload makes sense when BPA can support it by enough employees to perform the work efficiently and timely. If it leads to more areas being worked on together to develop the system and provide resource options, it is even more beneficial to the region.

We are concerned proposals that, especially for the transition process, might propel projects out of the queue will impact our own procurement options. As well as the market's broader access to the current best projects, which are those most senior in the queue, and thus less likely to be burdened by the most expensive, large, and time-delayed types of upgrades. BPA and customers need viable resource options to meet existing and future commitments for preference customers

directly or indirectly through BPA. BPA should not construct barriers and uncertainty to that through GI reform because more staffing resources are needed.

Timing is one of the biggest issues we face together as a region to meet the demands being pressed upon us. BPA must ensure they can process interconnection requests and studies as quickly as possible. Understanding that the biggest issue for BPA is staff limitations in conducting studies and processing the queue. PNGC supports trying to ensure entities have more skin in the game, but cautions adding unjust requirements, changes, and costs to entities that filed based on an OATT and relied on that for projects investments and legal protection certainty. This is important because that can result in large cost increases. Cost increases that ultimately get passed along to retail rate payers. It may affect existing transmission rights relied upon to deliver resources to load and cause further studies slowing the timing needed to efficiently meet growing loads. Any path that could lead to unused rights or potential litigation ramifications is not in the best interest of the region. These risks need to be avoided.

Site control is a good example of appropriate skin in the game without adding large cost increases. Any new commercial readiness criteria are not.

Alternative 2 regarding cost allocation of cluster study costs seems reasonable in terms of fairness and cost causation. Cost allocations for actual network upgrades based on MW groups that cause them and benefit from them in the sub-cluster seem reasonable. BPA needs to identify areas where the system benefits the most within the network rate and look at how some of their recent funding availability can be applied for the greater good of the region. The region needs resource and transmission asset development.

Entities must work through multiple queues to ensure loads can be met reliably. Alignment is a necessity around timing and ability of entities to procure the needed resource, transmission, and interconnection to facilitate a complete package necessary to serve loads. BPA's current proposals do not address how parties should be treated that may have LTF transmission service agreements with BPA. Currently those GIs are considered the highest viability. Many GIs and loads may have been investing in the TSEP or LaRC process and are in study and/or waiting for results or upgrades for many years. How will BPA treat or consider those factors and potential harms if related GIs were forced out of the GI queue?

BPA's recent study changes for certain LSEs require identification of resources needed to meet those loads. How will they be impacted if resources they are in talks with are forced out of the GI queue or unable to be developed in a timely manner based on new queue reform? This would greatly increase the study needs of BPA, change transmission needs, increase costs, and cause uncertainty all around. Forcing entities to sign binding term sheets or PPAs is a massive challenge. It forces financial commitments before the reasonable stage of development. This lowers options and may create further complications and complexity instead of creating efficiency and stability.

PNGC encourages BPA to continue these conversations for all three queue areas (GI, LLIR, Transmission). BPA has different process depending on what product a customer has elected.

The rights within those existing products cannot be infringed. PNGC wants to see a holistic approach from BPA. None of this can be achieved if BPA cannot solve their staffing issues.

We look forward to continued dialogue and engagement throughout this process.

PNGC Team