

Date: July 21, 2022

To: Bonneville Power Administration  
via email: [techforum@bpa.gov](mailto:techforum@bpa.gov)

**Re: June 29, 2022, BPA BP-24 Rate Case and TC-24 Tariff Proceeding Workshop – Comments of Avista Corporation**

Avista Corporation (Avista) respectfully submits the following comments regarding Eastern Intertie issues discussed during the June 29, 2022, BP-24 Rate Case and TC-24 Tariff Proceeding Workshop (June 29<sup>th</sup> Workshop). Per BPA’s request, Avista is summarizing in written form and supplementing its comments provided verbally during the workshop. Avista requests that BPA consider and affirm these comments as it assesses the scope and framework of Eastern Intertie issues to be addressed in the BP-24 and TC-24 proceedings, in preparation for the expiration of the Montana Intertie Agreement.<sup>1</sup>

## **A. Introduction**

Avista has an interest in all Montana Intertie/Eastern Intertie matters as a signatory to the Montana Intertie Agreement, a co-owner transmission provider of the Colstrip Transmission System (CTS), and a long-term firm point-to-point transmission customer of BPA at the Garrison point of receipt. As a load serving entity in the Pacific Northwest, Avista values the Eastern Intertie as it provides access to renewable energy resources in Montana through the BPA network. This is particularly important to Avista as it works toward implementing its clean energy goals and meeting the requirements established in the Washington Clean Energy Transformation Act.

BPA’s June 29<sup>th</sup> Workshop presentation describes BPA’s commitment in the BP-22 Settlement Agreement to

discuss and address rates and related issues regarding the Eastern Intertie in at least one pre-rate case workshop prior to the BP-24 proceeding, acknowledging the interests of the Montana Intertie parties and BPA transmission customers, and taking into account the projected long-term firm demand for the Eastern Intertie post 2025.<sup>2</sup>

The June 29<sup>th</sup> Workshop presentation outlines the following under “Next Steps:” (i) “BPA will be offering OATT service to the CTS parties 10/1/25, effective 10/1/27,” (ii) “BPA will address rate treatment in BP-26”, and (iii) [BPA will] “continue to coordinate with the CTS parties as adjacent transmission owners.”<sup>3</sup>

Additionally, Section 2 of the Montana Intertie Agreement includes the following obligation for BPA to offer to extend the services it provides thereunder:

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<sup>1</sup> The Montana Intertie Agreement (BPA Contract No. DE-MS79-81BP90210) is set to expire at 2400 hours on September 30, 2027.

<sup>2</sup> BPA June 29<sup>th</sup> Workshop presentation materials, slide 43

<sup>3</sup> *Id.*, slide 47

Term of Agreement. This agreement shall be effective at 2400 hours on the date of execution by all parties (Effective Date), and shall continue in effect, subject to the provisions of section 11, until 2400 hours, September 30, 2027; provided, however, that all liabilities incurred hereunder shall be preserved until satisfied. Two years prior to the termination date hereof, Bonneville shall offer to each Company to extend the services provided hereunder to such Company at that time, for 20 years under terms which are not less favorable to each Company than those which Bonneville is then offering for comparable services...

## **B. Comments**

### **1. BPA and the CTS Owners Must Develop and Execute an Interconnection and Operating Agreement for the Eastern Intertie and CTS Facilities**

The Montana Intertie Agreement provides for certain terms and conditions related to the interconnected operation of the Eastern Intertie and the CTS. Additionally, with the current point of interconnection and point of change of ownership between the Eastern Intertie and CTS facilities at structures near Townsend, Montana, and BPA-NorthWestern Energy (NWE) interchange metering located at BPA's Garrison Station, the Eastern Intertie facilities currently reside in the NWE Balancing Authority Area. Upon expiration of the Montana Intertie Agreement, BPA and the CTS owners must have in place an agreement that incorporates terms and conditions for interconnected transmission system operation, some of which are included in BPA's General Wheeling Provisions (included as Exhibit C to the Montana Intertie Agreement), and which must include, but not be limited to, the following:

- (a) delineation of facility ownership, operation, maintenance, renewal and replacement responsibilities,
- (b) obligations related to reliable system operation,
- (c) permissions related to facility access, meters and meter data,
- (d) coordinated meter and relay operation, renewal and replacement,
- (e) coordinated planning of system upgrades,
- (f) decommissioning provisions,
- (g) applicable Balancing Authority Area (BAA) responsibilities, including provision for losses compensation on the Eastern Intertie, and
- (h) applicable mutual release and liability provisions including an Agreement Limiting Liability among Western Interconnected Systems savings clause.

All rights, responsibilities and obligations related to interconnected transmission system and BAA operations will need to be developed and incorporated into a new multi-lateral Interconnection and Operating Agreement.

Under the provisions of Section 2 of the Montana Intertie Agreement BPA must "offer to each Company to extend the services provided hereunder..." In the June 29<sup>th</sup> Workshop presentation BPA has indicated that it "will be offering OATT service to the CTS parties" and will "continue to coordinate with the CTS parties as adjacent transmission owners." These statements, while perhaps providing a

very preliminary framework for a path forward, should be clarified to affirm BPA's intent to establish a contractual relationship with its interconnected transmission owner/operators (the CTS parties) that fully and completely addresses terms and conditions for interconnected transmission system ownership, operation, renewal and replacement and the extension of all applicable services, beyond basic transmission service offered under BPA's OATT, that are currently being provided by the parties to the Montana Intertie Agreement.

**2. The Issue of Whether or not the Eastern Intertie will be Rolled into the BPA Network Effective October 1, 2027 must be Decided in BP-24/TC-24.**

It is fully recognized and acknowledged that final transmission rate development and determinations to be effective October 1, 2027 will be decided in BP-26/TC-26. However, in the context of BPA meeting its obligation under the Montana Intertie Agreement to offer to extend the services provided under that agreement, neither the CTS parties (nor BPA's broader group of transmission customers who may have an opportunity to attain capacity on the Eastern Intertie as of October 1, 2027) will be able to make any assessment as to the economic viability of services to be provided over the Eastern Intertie at the point in time they must consider BPA's offer to extend service, *unless the underlying cost structure of the Eastern Intertie facilities effective October 1, 2027 is established two years prior*. It is recognized that segmentation issues can be addressed in each rate case and that the issue of whether or not to include the Eastern Intertie facilities in BPA's network segment may be an issue for determination in any subsequent rate case. But to provide the CTS parties, and any other BPA transmission customer who may have the opportunity to acquire capacity on the Eastern Intertie as of October 1, 2027, the ability to properly assess the expected underlying cost structure of Eastern Intertie capacity *at the time they must decide to reserve and contract for such capacity*, the *initial* determination of whether the Eastern Intertie facilities are to be included or not included in BPA's network segment facilities must be made in BP-24/TC-24.

The Eastern Intertie continues to provide benefits to the Pacific Northwest through its access to renewable resources in the State of Montana. In BPA's determination of whether to choose an OATT approach or divestiture alternative for the Eastern Intertie beyond the expiration of the Montana Intertie Agreement, BPA has asserted the value proposition of the Eastern Intertie's access to such resources as a basis for declining the divestiture alternative. As all Pacific Northwest stakeholders assess the post-Montana Intertie Agreement era, an initial determination as to the underlying cost structure of the Eastern Intertie facilities must be available to the region by October 1, 2025, when parties will be assessing whether to acquire long-term firm transmission service on the Eastern Intertie facilities.<sup>4</sup> Alternatively, the CTS parties and any other

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<sup>4</sup> It is acknowledged that any segmentation treatment of Eastern Intertie facilities may be further adjusted in BP-26/TC-26. This does not undermine, however, the necessity of an initial determination on the segmentation treatment of Eastern Intertie facilities as of the time BPA offers extended services on the Eastern Intertie.

transmission customer that may be offered capacity on the Eastern Intertie as of October 1, 2025 (two years prior to Montana Intertie Agreement expiration) may be provided an extended period of time to consider such offer, until such time as an initial determination of Eastern Intertie segmentation is decided in BP-26/TC-26. Avista respectfully asserts that leaving such long-term reservation determinations on the Eastern Intertie for such an extended period would be less workable than making an initial determination on the Eastern Intertie facilities in BP-24/TC-24.

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Nothing contained in these comments constitutes a waiver or relinquishment of any rights or remedies provided by applicable law or provided under BPA's Tariff or otherwise under contract. Avista appreciates BPA's review and consideration of the comments contained herein.