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**via email ([techforum@bpa.gov](mailto:techforum@bpa.gov))**

Attention: Bonneville Power Administration Transmission Services

**Re: Comments of Avangrid regarding Bonneville's Grid Access Transformation Workshops**

Avangrid Power, LLC ("Avangrid") provides the following comments to Bonneville Power Administration ("Bonneville" or "BPA") addressing preliminary draft Business Practices document ("Draft BPs") published on July 25, 2025.<sup>1</sup> Avangrid appreciates the opportunity to offer these comments, which identify areas where we encourage Bonneville to provide additional focus and discussion and areas where we request revisions to ensure the intended goals may be met without establishing punitive policies that may hinder non-federal development.

**I. EXECUTIVE SUMMARY**

While Avangrid is supportive of Bonneville's goal to establish policies that enable efficient transmission planning and service for customers, the Draft BPs represent a significant shift in policy and would benefit from further refinement in close consultation with stakeholders, including hearing from regional utilities and state commissions.

BPA proposes prioritizing transmission service requests ("TSRs") that are mostly through the Generation Interconnection ("GI") process and supported by contracts, including executed power purchase agreements ("PPAs"), letters of intent with third parties, and awards from utility requests for proposals ("RFPs"). Avangrid is concerned that this approach, which would suspend projects that have already experienced considerable delay in the GI transition queue and narrow market participation to a limited set of entities, will significantly hinder generation development across the region.

Avangrid instead advocates for more robust financial security mechanisms to accompany transmission service requests, with gradually increasing levels of risk and knowable off-ramps and waiver provisions. Additional risk mechanisms that Avangrid recommends include queue flooding limits and longer contract terms, as utilized by other transmission providers to successfully manage transmission queues. If this approach results in delay in the processing of those requests or a resubmittal, it is still preferred to the current readiness criteria or deposit approach as currently proposed. Avangrid understands Bonneville's belief that benchmarking is not available, but would appreciate the opportunity to discuss how other Transmission Providers are approaching similar issues.

BPA's proposal to offer interim transmission service raises concerns about system-wide impacts and unnecessary costs for service that is not utilized and may not be as reliable as the agency's current Conditional Firm Service ("CFS") product. Avangrid recommends that Bonneville: (1) clarify the volume of interim service to

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<sup>1</sup> Additional details regarding the Grid Access Transformation ("GAT") Project, formerly referred to as the Transmission Planning Reform ("TPR"), are available at <https://www.bpa.gov/energy-and-services/transmission/grid-access-transformation-project>.

prevent degradation of existing rights; (2) provide rollover rights for interim service to support project longevity; (3) allow limited deferrals to avoid unnecessary costs for projects not yet commercially viable, and (4) ensure interim service is offered in a non-discriminatory manner consistent with open-access principles.

The July Workshops left critical questions unanswered that for which we encourage deeper discussion, and we respectfully request Bonneville's consideration of additional workshops to focus on specific topics addressed in the Draft BPs.

## **II. COMMENTS**

### **A. Bonneville Staff Should Be Commended for Effectively Meeting the Demands of an Evolving Landscape**

Avangrid recognizes that the development of the Draft BPs has occurred under significant constraints, including limited staff availability due to federal workforce policies and increasing demands placed on existing staff due to new regulatory requirements, evolving market dynamics, and stakeholder needs. These factors underscore the dedication and professionalism of Bonneville's team in advancing complex policy initiatives despite resource limitations.

Avangrid deeply appreciates the time and effort staff has committed to this process and remains eager to continue collaborating to refine the Draft BPs to leverage lessons learned in the TC-25 GI Queue Reform<sup>2</sup> and develop more efficient processes that can mitigate increased workload demands. At the same time, the magnitude of the proposed policy changes warrants additional analytical work and stakeholder engagement to ensure the final framework—for both the transition and future end-states—is operationally sound and broadly supported.

### **B. Bonneville's Draft BPs Offer a Radical Departure from the Status Quo and Would Benefit From Additional Development to Avoid Unintended Consequences**

The July Workshops left critical questions unanswered that we hope will be addressed in future workshops, including: the operational feasibility of the proposed reforms; the interaction of the Draft BPs with regional procurement processes; and the agency's contingency plans if the reforms fail to produce the intended results.

The gaps in understanding have prevented the agency from putting forth a holistic framework for the transition process, which create both legal and operational risk—particularly if Bonneville moves forward without an adequate evidentiary record. Given the scope and potential impact of these proposed changes, adoption without further clarification and stakeholder engagement could expose the agency to procedural challenges and extend uncertainty for market participants.

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<sup>2</sup> Additional details regarding Bonneville's Generator Queue Reform, including the transition process and BPs implementing the TC-25 Settlement Agreement are available at <https://www.bpa.gov/energy-and-services/transmission/interconnection/generator-interconnection-queue-reform>.

**1. Avangrid is Concerned about the Impact of Bonneville's Proposal requiring TSRs to Provide Evidence of Generation Maturity**

As briefly noted above, the Draft BPs would eliminate TSRs that have not completed Phase 2 of an interconnection study, which would eliminate every project in Bonneville's Transition Cluster. Assuming this is Bonneville's intent in conjunction with transaction maturity (requiring a PPA award or financial security), Avangrid would respectfully urge Bonneville to consider eliminating this requirement for at least the transition. The projects included in Bonneville's GI Transition Cluster have already experienced delays as a result of establishing a new cluster study approach, and the Transition Cluster continues to be behind schedule despite the unique scalable block concept Bonneville thought would allow the planners to move forward more efficiently. The merits of linking TSR validity to generation maturity could be reevaluated once the transition is over and there is more clarity about what the future state will offer.

**2. Avangrid is Concerned about the Impact of Bonneville's Proposal requiring TSRs to Provide Evidence of Transaction Maturity**

Avangrid has concerns about the durability and long-term impacts of a policy change requiring a transmission requestor to provide evidence of transaction maturity—a power purchase agreement, letter of intent with a third-party, or notice of award from a request for proposal. Avangrid recommends further discussion and coordination with regional stakeholders prior to adopting the approach on a permanent basis.

The proposed approach risks narrowing market participation to a limited set of entities, to the detriment of independent developers and other market participants that currently enjoy equal access to transmission capacity. By effectively picking winners and losers in advance of utility procurement processes, the proposed readiness criteria will limit competition in the region by restricting access to Bonneville transmission. Reduced competition ultimately translates into higher energy costs for end users. Furthermore, for those able to meet the readiness requirements and remain in the queue, a smaller participant pool may also ultimately increase the per-project cost of transmission expansion. These higher costs—combined with new security requirements—will ultimately be passed on to retail customers, compounding the impact on consumers.

Moreover, this type of readiness criteria has proven problematic as it is hard to define what level of commitment must be contained in these types of agreements that would prove true transaction maturity. For example, if a regional utility were to provide a letter of intent associated with bids selected in a shortlist, and the shortlist were to be whittled down further once bids were selected, it is unclear what would happen with the projects that were able to provide a letter of intent but were not ultimately selected. The mechanics and details associated with this approach could create new complexities and Avangrid would recommend avoiding this approach altogether, or thoroughly discussing prior to implementation.

The merits of utilizing this approach on a long-term basis will be contingent on revisions to regional utility commission and regional utility procurement processes. Avangrid requests coordination and aligned implementation of such a change with regional utilities, utility commissions and other power purchasers, to ensure state procurement practices and Bonneville's business practices support each other and do not create a chicken-or-egg situation that stifles nonfederal development across the region.

If the problem that Bonneville is intending to solve in the near-term is the existing queue of requests, Avangrid would prefer a reform process that favors a long-term workable regional solution that upholds a fair approach to transmission planning and service and that incorporates financial risk mechanisms. If this

preference requires further delay in the processing of those requests or a resubmittal, it is still preferred to the current readiness criteria or deposit approach.

### **3. Avangrid Supports the Processing of Redirect Requests that Have *De Minimis* Impacts**

Bonneville paused the processing of redirect requests that had even a *de minimis* impact until after the transmission reform is complete. Continuing to process these requests during the period of reform benefits the agency's workload by reducing the number of new requests that are made as transmission customers are able to receive certainty on transmission paths. This also helps focus transmission customers to paths that do not trigger large system upgrades, helping keep transmission rates more affordable for the region. Avangrid appreciates the resource constraints BPA faces and believes the continued processing of redirect requests would increase efficiencies on a system-wide basis.

### **4. Avangrid Supports Establishing Permanent Risk Mechanisms for TSRs, such as Financial Security in a Modified Form, as they are Proven Ways to Limit Requests and Ultimately Benefit Grid Stability and Efficiency**

The issues plaguing Bonneville's transmission queue are similar to the issues that spurred the agency to reform GI queue processing. In its approach to GI withdrawal penalties, however, Bonneville's policy includes transparent off-ramps and future deadlines (not upon submission of a request as proposed in the recent draft BPs), which we recommend consideration in the context of transmission security deposits. Utilizing this kind of approach would be keeping with regional transmission providers, which generally follow Federal Energy Regulatory Commission ("FERC") policy. Similar to Bonneville's implementation of GI withdrawal penalties (and the FERC *pro forma* OATT) security posted to support the TSR could grow as the process continues, increasing risk for customers, providing known withdrawal procedures, incorporating policies with opportunity for Bonneville to waive penalties upon certain conditions— all of which could address existing customer stranded cost risk and weed out requests on the speculative side. Applying a similar approach to the current reform efforts also allows customers to make more informed decisions about the risks it is willing to accept with more information about things like upgrade costs and timing. Avangrid suggests expanding its proposed security approval by incorporating these policy elements.

One reason to consider the approach utilized by regional transmission providers and FERC is that Bonneville has a history and commitment of following FERC policy, unless inconsistent with the agency's statutory obligations. To date, other transmission providers have managed their queue sizes by establishing financial risk mechanisms. Bonneville should confirm whether it sees any reason to diverge from these FERC-approved policies until testing whether more industry standard, prudent utility practices could be relied upon to address Bonneville's objectives.

In addition to considering more expansive policy elements associated with security risk mechanisms, Avangrid suggests Bonneville should consider other risk mechanisms such as longer contract terms, provisions to limit queue flooding whereby customers are prevented from submitting multiple requests for essentially the same TSR, and other risk elements that have been utilized by other transmission providers to establish a holistic and durable policy.

## **5. Avangrid Requests More Opportunities to Discuss Issues Associated with the Proposed Readiness Criteria, Interim Service, and Security Requirements**

Additional clarity and refinement are needed before the Draft BPs are ready to implement. The Draft BPs raise foundational questions, like how Bonneville will ensure it is able to fund transmission construction with security linked to a flat per-MW fee, which have no apparent venue for additional consideration. Bonneville should prioritize consultation with stakeholders to help find workable solutions before the Draft BPs are implemented. To that end, Avangrid highlights additional areas of concern below.

First, security is referenced throughout the Draft BPs with only one calculation provided (in the Long Term Firm Queue Management section) suggesting that perhaps the same amount is used throughout, but an up-front “security” payment for interim service also suggests that the interim service should not be subject to an annual transmission rate paid for the service (regardless of whether it is utilized, and with rates subject to change through a rate proceeding). Bonneville should clarify whether interim service is a one-time security payment due at the time the service is offered (at then-current rates), an annual rate payment made each year the service is required (at rates that may increase after a rate proceeding), or both.

Second, regarding interim service offers, Bonneville should first consult with stakeholders on when and how much service might be offered to avoid degradation of the system, support a viable conditional firm product, and ensure existing transmission rights are upheld. This dialogue should address whether the volume of new service contemplated could adversely affect the rights of existing transmission service holders, as well as defining the level of curtailment that would be associated with the new conditional firm product offerings.

Additionally, interim service offers should come with rollover rights, otherwise the risk for projects is too great as it is unclear after a period of operation whether it would be able to utilize transmission service. Generators (carbon-free or thermal) make long-term commitments to their customers and require long periods to earn the required return on investment. Without a long-term deliverability commitment from BPA, these investments will have a difficult time getting financing and cannot support the continued load growth the region is expecting.

Third, the Draft BPs also propose that customers post security on day one, at a time when it is unclear what level of upgrades might be required or how costly they might ultimately be. Avangrid understands that Bonneville would like to switch to requiring security based on the size (MWs) requested as opposed to the current *pro rata* approach but has not explained how the agency will ensure that it collects enough security to fund the transmission expansion. This pre-funding approach (where the entire amount of security is also immediately at risk) will prevent development in the region as the risks associated with Bonneville transmission service will be too large. Therefore, Avangrid requests discussing the security provisions, how the proposed provisions would work with other security measures, and generally reworking the approach as proposed above.

Finally, the Draft BPs appear to require “take-and-pay” transmission service – service that may not be needed without offering a deferral, which is a departure of current practice. Bonneville should provide the ability to start the service in the future, for at least the transition, or defer the transmission service up to a certain number of times to recognize the construction window for new resources. Making a resource pay for transmission on day one will unnecessarily increase prices of new resources for the ultimate retail consumer as generators will have to price that service into their offerings. It also is in advance of the upgrades that would be required for long-term service and doesn’t appear to be necessary for their support.

For these primary reasons, Avangrid urges Bonneville to engage in further stakeholder consultation, to refine the readiness criteria and conduct a thorough impact assessment. Such due diligence is essential to ensure the readiness criteria meet their intended efficiency objectives without unintentionally harming market competition or increasing cost burdens on ratepayers.

#### **6. The Proposed Interim Service Proposal Has Merit, But Should be Offered to Customers Consistent with Open-Access Principles**

Avangrid agrees that the proposed interim service concept, with some changes to better align with transmission customer needs, could serve as a valuable tool for optimizing existing system capacity while longer-term solutions are pursued. However, any such offering must be designed and administered in a manner consistent with open-access principles to ensure non-discriminatory treatment among customers. Several aspects of the current proposal raise concerns.

As a threshold, the Draft BPs contemplate circumstances in which certain customer groups may be offered interim service while other similarly situated customers may not. The connection between Bonneville's proposed readiness criteria, security provisions, and availability of interim service offers appears somewhat arbitrary. The lack of specificity in this approach as to how interim service will be offered risks undermining stakeholders' confidence in the fairness of the process and could raise questions about compliance with Bonneville's open access obligations. Conversely, the current framework also allows some customers the option to decline interim service without adverse consequences while others would not enjoy the same flexibility. This inconsistency creates inequities that could lead to disputes over disparate treatment. Avangrid strongly urges Bonneville to offer unstudied TSRs the opportunity to decline interim service consistent with the expectation for studied TSRs.

Finally, Bonneville's stated intent to allocate capacity from the Evolving Grid Projects before evaluating all pending TSRs for interim service could result in an uneven playing field. This sequencing may inadvertently disadvantage certain projects or customer groups, particularly if the allocation process is not aligned with a comprehensive evaluation of all eligible TSRs. Avangrid recommends that Bonneville revisit the proposed sequencing to ensure that interim service opportunities are distributed and in full alignment with open access requirements.

### **III. CONCLUSION**

Avangrid appreciates Bonneville's consideration of these comments and the recommendations contained herein and looks forward to working with stakeholders to reform Bonneville's transmission expansion. Nothing in these comments constitutes a waiver or relinquishment of any rights or remedies provided by applicable law or under Bonneville's tariff or otherwise under contract.