July 21, 2025

Bonneville Power Administration
By e-mail to: techforum@bpa.gov

Re: Comments on BPA's Grid Access Transformation Transition

I. INTRODUCTION

The Northwest & Intermountain Power Producers Coalition ("NIPPC") and Renewable Northwest ("RNW") submit the following comments in response to topics raised at BPA's Grid Access Transformation workshop on July 9 and 10, 2025. NIPPC and RNW appreciate this opportunity to work with BPA and other regional stakeholders to reform BPA's transmission planning and related processes.

NIPPC and RNW continue to agree with BPA that a fundamental shift in how BPA expands the transmission system is necessary to meet customer, constituent, and market needs while being responsive and aligned with BPA's obligations. NIPPC and RNW strongly support many of the reforms BPA has proposed. The primary area of concern is BPA's proposal to rely exclusively on evidence of a power purchase agreement or bilateral transaction between a load and resource as the sole mechanism to establish commercial readiness. As discussed in greater detail below and in earlier comments, NIPPC and RNW suggest that BPA should not require evidence of a bilateral agreement as the sole indicator of commercial readiness. Below, NIPPC and RNW share an alternative proposal for BPA to consider in developing readiness criteria.

NIPPC and RNW appreciate BPA's decision to bifurcate the GAT process into parallel workstreams; one to focus on near term solutions and transition issues so that BPA can resume processing transmission service requests; and another to focus on the further reforms needed to implement the future state BPA envisions. NIPPC and RNW, however, encourage BPA to develop incremental reforms to the Secondary Capacity Model ("SCM") and customer build options in parallel with the development of the transition process. To the extent BPA can implement incremental reforms to the SCM and customer build options, it should do so.

II. BACKGROUND

In the view of NIPPC and RNW, until recently, the TSEP requirements and customers' contractual flexibility under the OATT were fairly adequate in balancing the needs of customers and BPA. While NIPPC and RNW also recognize the historical background that led to the existing TSEP requirements, BPA's circumstances and the regional demand for new generation and transmission have changed significantly enough that new processes and requirements are necessary to ensure that transmission service is available to those who need it. As BPA's transmission system has become more constrained, it has become increasingly clear that the low barriers to entering TSEP, the options that customers have to delay service, and customers' limited exposure in the event they renege on their contracts have all contributed to customers entering and lingering in the queue even when they have no immediate need for transmission service (but continue to encumber capacity that could be awarded to other customers who do have an immediate need for service). While customers' current strategies were a rational commercial response to utility procurement practices in the region in the past, as the region has evolved new solutions are required. NIPPC and RNW agree with BPA that drastic change in the transmission service queue process is necessary.

NIPPC and RNW also recognize the challenge that the sheer volume of requests in the 2025 TSEP cluster poses to BPA planners. Large numbers of immature or incomplete transmission service requests exacerbate the challenges to BPA. Accordingly, NIPPC and RNW support reform of BPA's transmission service request process towards a first-ready, first-served model like the reforms to BPA's Generator Interconnection queue adopted in TC-25. Accordingly, NIPPC and RNW support the adoption of reasonable readiness criteria as a condition to requesting transmission service.

III. AREAS OF BROAD SUPPORT

NIPPC and RNW agree with BPA on the following broad principles:

- "Disruptive" reforms to BPA's transmission planning process are necessary;
- Scope of reforms should include Generator Interconnection, Transmission Service, and Line and Load Interconnections;
- Separate timelines for Transition and Future states;
- Accelerated timeline for Transition;
- Need to engage Commissions on reforms to state requirements for Requests for Proposal;
- Need for reasonable readiness criteria as a condition to request transmission service;
- Need to accelerate plan, design, and build phases of transmission expansion; and
- Reforms should not diminish the service of existing customers.

IV. TRANSITION READINESS CRITERIA

NIPPC and RNW, however, do not agree that evidence of a commitment to a transaction between a generator and a load serving entity should be the sole, primary, or preferred mechanism to establish commercial readiness for transmission service. While evidence of an agreement could serve as one mechanism to establish readiness, it should not be the only, primary, or preferred way a customer can demonstrate that it is ready to take service.

Currently, regulated utility procurement processes in Oregon, Washington, and Idaho typically require customers to have transmission service in place to be eligible to bid into a regulated utility's Request for Proposal ("RFP"). Portland General Electric Company ("PGE") is currently structuring an RFP process that will require bidders to have long-term firm or conditional firm service in place by September of 2025 (when bids are due).[1] PGE would prepare its shortlist by February of 2026.[2] In its recent RFP, Puget Sound Energy ("PSE") also required customers to have long-term firm or conditional firm service as a requirement for an eligible bid.[3] PacifiCorp's Draft 2025 RFP for Oregon and Washington

[1] *In re PGE 2025 All-Source Request for Proposals*, Oregon Commission Docket No. UM 2371, PGE's Draft 2025 All-Source RFP at 6 and Appendix A at 5-6 (Apr. 17, 2025).
[2] Oregon Commission Docket No. UM 2371, PGE's Draft 2025 All-Source RFP at 6.
[3] PSE 2024 Voluntary All-Source RFP at 8-9 (July 1, 2024), available at: https://www.pse.com/-/media/PDFs/001-Energy-Supply/003-Acquiring-Energy/2024-Voluntary-All-Source-RFP/2024-Voluntary-All-Source-RFP_combined-v5_locked.pdf?rev=78329a380c80427c98832dd45aad8280&modified=20240701231826&hash=9AFC1CF3851E70CCF19F7AD7D995B201.

requires customers to have long-term firm service in place to be eligible to bid.[4] Furthermore, PacifiCorp does not propose to accept any bids based on conditional firm service.[5]

The existing standard regional practices for the principal (but not sole) source of new resource procurements—investor-owned utilities—require customers to have long-term firm service in place as a requirement to bid into an RFP. This standard RFP requirement is one of the primary drivers of the size of BPA's transmission service queue. To be eligible to bid into one of these RFPs, bidders (BPA transmission customers) must be able to show that they have transmission service. Thus, customers must submit transmission service requests into the BPA queue with no certainty that they will eventually be successful in a future RFP.

Because customers must have transmission rights in place to be eligible to bid into an RFP, it would be untenable for BPA to require customers to show a successful RFP outcome as a condition to requesting transmission service. This approach would invert the region's resource procurement sequence.

The standard RFP requirement that customers have at least conditional firm service in place to be eligible to bid also suggests that utilities may not accept bids based on "as available" interim service that has a lower priority than conditional firm, but NIPPC and RNW look forward to input from the utilities themselves on this point. While NIPPC and RNW can conceive of a future state in which BPA expands transmission capacity rapidly enough for utilities and generators to start banking on such expansions in advance of their completion, the negative potential outcome of an entire RFP hinging on transmission capacity that does not yet exist creates myriad new risks for both generation developers and potential off-takers. Our initial view is that this is not a tenable near-term approach. Instead, it is a more plausible approach in the context of deeper regional transmission reforms, well beyond BPA, that are typically associated with the formation of a regional transmission organization or an entity offering analogous services (i.e., consolidation of transmission tariffs, transmission operations, regional planning, and cost allocation, and a general shift away from contract-path transmission rights to financial transmission rights).

---

[4] *See In re PacifiCorp Application for Partial Waiver of OAR Chapter 860-089, Request to Engage Independent Evaluator, and Approval of 2025 Draft RFP*, Oregon Commission Docket No. UM 2383, Draft 2025 Oregon Situs RFP at 7, fn. 7 (Apr. 16, 2025); *see also In re Petition for Partial Waiver of WAC 480-107 and Approval of the Draft 2025 Request for Proposal*, Washington Commission Docket No. UE-250460, Draft 2025 Washington Situs RFP at 7, fn. 7 (June 10, 2025).

[5] *Id.*

NIPPC and RNW believe that there is a possibility that the general approach that BPA has outlined in making commitments between generators and load-serving entities a main (not sole, primary, or preferred) mechanism to establish commercial readiness has the potential to work in many circumstances. Therefore, NIPPC and RNW encourage BPA to begin efforts to coordinate with state commissions on potential reforms of RFP processes for the Future State, but these changes should only be made if the state regulatory commissions significantly modify their competitive procurement rules and polices. The time frame laid out for the GAT Transition process is likely too short to allow immediate reform of state RFP processes. NIPPC and RNW anticipate that efforts to reform state RFP processes will likely take 12-18 months once those efforts begin; and the reform processes will require the active participation of staff from BPA, utilities, state commissions, and independent power interests. If BPA wishes to continue to pursue this option, then NIPPC and RNW will engage in the efforts to ensure that both state procurement and BPA policies can work together.

NIPPC and RNW also encourage BPA to not tie readiness criteria in the Transition process to the results of utility procurement processes unless the state regulatory commissions adopt policies that allow the utilities to contract with IPPs without having secured transmission. We note that such a policy shift by the commissions must be accompanied by a willingness by the actual counterparties for such power—the utilities themselves—to accommodate this new paradigm as well.

Nevertheless, NIPPC and RNW agree with BPA that customers should meet readiness criteria as a condition to submitting a transmission service request. Elements of reasonable readiness criteria could include the following:

- Certainty regarding details of the request (particularly Point of Receipt and Point of Delivery);
- Reasonable at-risk deposits;
- Minimum terms of service;
- Providing reasonable security;
- Agreeing to limit requests for Extension of Commencement of Service; and
- Appropriate progress in a generator interconnection process.

NIPPC and RNW also suggest that the clearest indicator that a customer is “ready” to take service is its willingness to execute a transmission service agreement and begin paying for the service immediately. The existing structure where BPA waits for facilities to be energized before offering service agreements, encourages customers to request service early. This results in BPA encumbering transmission capacity for customers across some

flow gates while BPA studies, plans, and builds expansions on other flow gates needed to satisfy the customer's request for transmission service. Even when those new facilities are energized, customers retain the right to delay the commencement of service for up to five years. It is also possible that a customer, having exhausted its options to delay commencement of service, could simply default on its contract. While BPA has the option to require customers to post security for the costs associated with construction of a plan of service, it is not clear whether BPA has required customers with transmission service requests enabled by the Evolving Grid mechanism to post security for their share of the upgrade costs of those projects even as BPA has commenced design and construction. Outside of the Evolving Grid mechanism, BPA does not require customers to post security until the completion of the Preliminary Engineering Study and any Environmental Study. The result is that customers in TSEP retain significant flexibility to delay the commencement of their service and then may face minimal financial risk in the event they ultimately decide to renege on their TSEP agreements. Accordingly, BPA is forced to encumber significant quantities of transmission capacity on some flow gates while studying expansions at other flow gates; with no guarantee that those customers will ever take service. It might be worth exploring in this process whether BPA should request security from customers whose transmission service requests depend on completion of Evolving Grid projects.

NIPPC and RNW have already provided comments to BPA on the issue of readiness criteria, specifically highlighting the concern with BPA's evident intention to require a customer to establish commercial readiness only through a bilateral agreement. BPA should be prepared to provide customers with similar narrative feedback explaining in greater detail BPA's position on why such a high bar to readiness is necessary for the transition. NIPPC and RNW understand that in the next few days, BPA will be sharing with customers draft business practice language to implement the transition phase of these reforms. Many members of NIPPC and RNW have expressed concerns with the speed at which these reforms are being advanced for the transition; other members have expressed concerns with the ongoing pause on processing of transmission requests. NIPPC and RNW recognize the challenge of balancing the goal of a quick release to the pause against the goal to establish reasonable criteria for the transition phase. BPA and stakeholders will have a better sense of whether the proposed timeline is appropriate after we have had the opportunity to review BPA's proposed business practices.

V. PROPOSAL FOR TRANSITION PROCESS

NIPPC and RNW encourage BPA to consider the following reforms as part of the transition to the future state:

1. Conduct a "reverse open season" to allow customers with confirmed or pending transmission service requests to release the transmission capacity that BPA has encumbered on their behalf for reallocation (in queue order) to customers with an immediate need for transmission service;
    a. Allow customers with existing transmission service agreements to release their rights back to BPA;
    b. Allow customers with TSEP agreements (including Preliminary Engineering Agreements and Environmental Study Agreements) to withdraw their requests in return for reimbursement of the deposits the customer posted for their Preliminary Engineering Agreement and/or Environmental Study Agreement[6];
2. Conduct an Open Season process for customers who agree to;
    a. Provide a deposit to cover their share of Preliminary Engineering and/or Environmental study costs (calculation of the amount of deposits should take into account any refunds made to customers as part of the reverse open season);
    b. Provide additional non-refundable deposits;
    c. Establish commercial readiness through:
        i. Evidence of a contractual commitment between a generator and load (as proposed by BPA); or
        ii. Executing an agreement with BPA to take "as available" service until plans of service are complete;
            1. Consider alternative rate treatment for customers who take "as available" service;
            2. Customers who take "as available" service could receive a refund or credit equivalent to the short-term firm rate for periods when they are curtailed; or
            3. Explore other mechanisms to tie the cost of "as available" service to its actual availability;
    d. Agree to limit the ability to Extend Commencement of Service;
        i. Instead of five one-year options to delay, consider allowing each customer a single option to delay commencement of service for either two or three years;
    e. Agree to a minimum term of service (10-20 years); and

[6] NIPPC and RNW anticipate that any refunds of study deposits would be offset by deposits from other customers. NIPPC and RNW would consider return of a percentage of study deposits.

f. Provide security for the contract amount.

NIPPC and RNW agree that an executed power purchase agreement or other proof of a contractual off-taker could be one mechanism to establish commercial readiness in the Future State. But reform of utility procurement processes will require the state Commissions to run their own formal stakeholder processes to implement those reforms. BPA will need to be prepared to allocate staff time and resources not only to engage with state Commissions informally, but also to actively participate in those formal proceedings to ensure alignment and consistency of the state reforms with BPA's reforms. NIPPC and RNW anticipate that coordination will take longer than BPA has set aside to complete the Transition process. We also note that such state regulatory reforms typically must address inherently adversarial positions between, on the one hand, incumbent vertically-integrated monopsonies that have a fiduciary responsibility to maximize rate base and, on the other hand, the independent generators (the members of NIPPC and RNW) competing with the incumbents to build, own, and operate resources to serve the incumbent's load. We anticipate such a dynamic could hold true on this subject matter as well, given how much sway a load-serving entity's procurement choices could play in determining future transmission service. As a practical matter, it typically takes state commissions longer to make decisions in the face of such disputes between stakeholders.

NIPPC and RNW are also concerned with the proposals to require "mature" interconnection plans of service. BPA recently completed its interconnection queue reform process in TC-25. NIPPC and RNW recognize that an executed LGIA could be one method of establishing commercial readiness for transmission service, but again the timing of this Transition process and the Transition Cluster Study do not align. Phase One of the Interconnection Transition Cluster Study is currently underway. It is unlikely that the Interconnection Transition Cluster Study will be complete in time to allow projects to get to an executed LGIA within the timeline of the Transition Cluster Study process. It is possible that some customers in the Serial Transition process may have agreements that are sufficiently certain to meet the proposed readiness requirements. In any event, too few customers are likely to complete interconnection agreements within the timeline of the Transition process to justify making evidence of a customer's interconnection status a realistic readiness requirement for the Transition Process.

Likewise, NIPPC and RNW object to the proposal to require evidence of a bilateral agreement as a requirement to establish commercial readiness. As noted above, many procurement processes in the region generally require customers proposing to sell energy to support their proposal with firm transmission service. While the region should be able to adapt to new requirements for the future, it is unlikely that the market in the region will be

able to adapt quickly enough to apply to the Transition process. NIPPC and RNW agree that evidence of a bilateral transaction would be evidence of a customer's commercial readiness, but BPA must allow for additional options which provide alternative indications of certainty. In that vein, NIPPC and RNW suggest that customers who are willing to execute a take-or-pay transmission service agreement as part of an Open Season described above should be able to establish commercial readiness for the Transition process.

Finally, NIPPC and RNW seek to underscore a concern raised in prior comments regarding any proposed requirement for a contractual commitment between a load and resource as a pre-condition to a request for transmission service. Such a requirement could simply encourage vertically integrated load-serving entities to contract with themselves for utility-owned assets thereby negatively affecting wholesale competition. This is a particular concern for the Transition process where agreements between a utility's load and merchant affiliates are likely to be the only agreements that could be completed within the Transition period; it takes much less time to execute an agreement with an affiliate than to complete a competitive procurement process under state Commission rules. NIPPC and RNW would strongly discourage any transmission provider, including BPA, from creating such a mechanism that would suppress supply-side competition.

VI. SCOPE OF TRANSITION

BPA has indicated that it proposes to consider reforms to the SCM and customer build options outside the scope of the transition. NIPPC and RNW, however, encourage BPA to pursue reforms to SCM and customer build in parallel with the GAT. NIPPC and RNW recognize that some of the areas that BPA has highlighted for reform of SCM will take time. NIPPC and RNW suggest that other changes – including the customer build option – could and should be developed and prioritized on a shorter timeline. Similarly, BPA should implement incremental changes to the SCM as those changes are feasible instead of waiting to implement those changes as part of a package at a single point in time in the future. Ideally, BPA would develop changes to the customer build outside of the GAT on a timeline consistent with the transition process.

VII. VIRTUAL RESERVATION POINTS

NIPPC and RNW agree that there is significant value for the region in allowing customers to request transmission to and from a liquid trading hub. So long as NW Hub remains an option for customers seeking to reserve transmission service to or from Mid-C, NIPPC and RNW have no concerns about removing Mid-C Remote as a scheduling point and conforming transmission service requests to or from Mid-C remote to NW Hub.

VIII. CONCLUSION

Thank you for the opportunity to submit these comments. NIPPC and RNW appreciate BPA's continued engagement with stakeholders and look forward to collaborating further on this important initiative.