Northwest Requirements Utilities

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Submitted via techforum@bpa.gov

Re: June 15 Load Area Reinforcement Studies Customer Meeting

Northwest Requirements Utilities ("NRU") appreciates the opportunity to provide these comments in response to BPA's presentation on the Load Area Reinforcement Studies ("LARS") Overview at its June 15 customer meeting. NRU represents the interests of approximately 60 Load-Following preference customers and one generation and transmission cooperative, all of whom depend on Network Integration Transmission Service ("NITS") contracts with BPA for reliable load service. As a result, NRU and its members have a vested interest in the underlying methodologies BPA uses to plan and expand its transmission system in response to NITS customer load and resource forecasts.

As an initial matter, we sincerely thank Bonneville for its efforts in conducting a comprehensive, long-term load area study for its Portland-area transmission customers, otherwise known as "PARS". We view PARS as a model for collaborative transmission planning between Bonneville and its network customers, and one that can ensure reliable, dependable transmission load service long into the future. Further, we believe the PARS initiative lays the groundwork for a sustainable and repeatable process to study other aggregate load areas.

NRU supports the LARS concept as described and encourages Bonneville to maximize its use as much as possible. We strongly agree that the LARS concept can result in significant benefits to BPA's load-serving entity customers as well as to Bonneville itself. Moreover, studying the need for localized reinforcements to accommodate long-term, 20-year load growth for a group of geographically proximate utilities is more likely to identify right-sized and timely infrastructure, resulting in more cost effective and efficient transmission solutions. With that said, we provide the following specific comments in the interest of BPA successfully advancing its LARS program.

Identification and Selection of LARS Locations

Bonneville should take steps to formalize its approach to identifying and selecting candidate reinforcement areas. Without transparent drivers of long-term local area transmission needs and criteria to identify candidate geographic regions, BPA's selections of local areas could appear subjective or arbitrary. We encourage Bonneville to continue refining its criteria and support those that BPA described at the June 15 meeting such as locations identified for rapid load

growth or areas that present longer-term reliability concerns as identified in BPA's reliability system assessment. These are prudent starting criteria.

An additional example driver could be to identify or prioritize those specific load areas that forecast a compound annual growth rate in excess of some specified regional or average-BPA-customer threshold to define candidate locations. Bonneville could also consider allowing customers to jointly justify their particular local areas to participate in LARS, which could include factors not previously considered by Bonneville. For instance, economic development initiatives spanning multiple utility footprints that focus on attracting load-intensive industries, paired with local utility infrastructure that contains attractive interconnection sites could present unique situations that would benefit greatly from long-term, collective system planning.

Scope of LARS

We recommend that Bonneville clarify the scope and its overarching intent with LARS, such as whether Bonneville expects to eventually include every network customer in a LARS or instead that LARS is intended to include only a subset of BPA's transmission customers based on localized load growth needs or specific reliability drivers only. Understanding whether all, or only a portion, of BPA's customers would ever be identified to participate in LARS may influence decisions around study cost recovery.

We also request Bonneville provide additional details around the structure of LARS. For example, we encourage BPA to outline anticipated timelines for completing a LARS, and what milestones would define commencement and conclusion, as well as the frequency for LARS. We understand from the June 15 meeting that Bonneville's goal is to complete one LARS per year. We believe that Bonneville's customers would benefit greatly from seeing this structure outlined on a timeline or project plan, so all parties can understand the full scope and timelines under consideration. Similarly, we recommend that Bonneville describe the connection between LARS and its other study processes, as well as how LARS participants would secure capacity from LARS reinforcements. In other words, BPA should outline the necessary steps to operationalize the LARS planning results into local area transmission capacity, and how that capacity will be allocated (whether through the Line/Load Interconnection Process or otherwise).

Cost Considerations

As much as practical, we support Bonneville's LARS adhering to cost causation and "beneficiary pays" principles. Costs of conducting LARS should generally be contained to those particular load serving entities participating in the study. Moreover, we assume that network customers that are not directly interconnected to Bonneville's transmission system may not ever have the opportunity to be included in a LARS; as a result, those utilities should not be responsible for bearing costs of studies from which they'd never benefit. However, we recognize that tracking costs on a pro rata basis down to the penny may present administrative challenges, and therefore recommend Bonneville approach study cost recovery with an eye toward simplicity.

Further, we encourage Bonneville to prioritize local areas where there is 100% support by the composite utilities, out of consideration of BPA's limited resources. Where Bonneville identifies a prospective local area for a LARS, but not all composite utilities opt in to the study, we suggest that those local areas be de-prioritized in favor of other areas with full buy-in. To the extent the no candidate LARS area achieves 100% support, then we suggest allocating the study costs only to those entities electing to participate. If local area reinforcements are ultimately pursued, the capacity resulting from such reinforcements should generally be allocated only to those participants that paid for the LARS and agree to support the resulting upgrades. These perspectives are initial and subject to change as we learn more about the initiative, and we encourage BPA provide additional detail and public engagement to formulate these critical aspects of LARS.

Execution Feedback

As stated previously, we strongly endorse the concept of LARS and commend Bonneville for undertaking this initiative. We believe that Bonneville coordinating with a group of similarly situated utilities in an effort to plan holistically over a long-term horizon is an ideal way to plan local area reinforcements, as well as to help meet its NITS planning obligation under its tariff. We agree with BPA that the proposed method of working closely with a small group of utilities can deliver a more engaging and fruitful experience. We must, however, acknowledge BPA's resource constraints in addition to its various and numerous competing transmission planning processes. With a goal of executing one LARS per year, it is unclear how many total years it may take for Bonneville to sufficiently study all of the relevant local areas. We therefore suggest Bonneville consider potentially conducting multiple LARS in parallel, given the interest and value to BPA's network customers and to BPA itself.

In addition, and as we've stated in prior comments, we continue to encourage Bonneville – over the long term – to seek out ways to consolidate planning processes where it may make sense and may increase procedural efficiencies. Relying on 20-year load forecasts of its customers to study local area needs, while at the same time relying on those same load forecasts as inputs to its Proactive Planning scenarios and sensitivities to identify major backbone transmission needs, could eventually be studied together to produce a comprehensive (network and local area) transmission solution set. Although we understand that this is not Bonneville's intended approach with LARS, we do have ongoing concerns over execution risk of all of BPA's various processes, and welcome innovative proposals to increase efficiencies in completing them. Whether merging the transmission and interconnection queues (accomplished by Southwest Power Pool), or merging the long-term network and local area planning studies, continued innovative approaches could ultimately yield significant benefits to BPA and its customers.

Conclusion

We strongly believe that LARS holds significant value for BPA and its network transmission customers and support BPA's innovation in its development. Our comments herein are intended to underscore that support, and where we identify concerns it is with the sole view of ensuring BPA's success in meeting the long-term load growth needs of its network transmission customers alongside its various other planning efforts. We appreciate any consideration you provide to these comments, and we look forward to remaining engaged in Bonneville's LARS-related efforts. Please feel free to contact us if you would like to discuss any aspect of these comments.

Sincerely,

Chris Jones
Director, Transmission Policy & Power Delivery
Northwest Requirements Utilities