



**Portland General Electric Company**  
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**Portland General Electric comments for BPA Regional White Paper – Presentation and Analysis of Southern Intertie Hourly Non-Firm Alternatives**

Portland General Electric Company (PGE) appreciates the extension of the opportunity to provide input to Bonneville Power Administration's (BPA) white paper regarding Southern Intertie Hourly Non-Firm Alternatives. As a Point-to-Point (PTP) transmission customer, California Oregon Intertie (COI) path owner, remote generation owner, and active market participant, PGE has considerable interest in these proceedings.

At the November 18 workshop, BPA requested that customers provide feedback on the background/context and the description of alternatives presented in the white paper dated November 17, 2015. PGE provides these comments and observations on the issues and alternatives presented in the white paper for BPA's consideration.

- 1) Based on the data provided, PGE is unconvinced that the near-term loss of long-term firm transmission contracts represent a material impact to BPA and its customers. On page 2 of the white paper, BPA states that "some customers [are] not rolling over their long-term Southern Intertie service" and refers to tables provided in the Appendix. Appendix B demonstrates that the North-to-South Southern Intertie MWs at risk for the 2016 fiscal year are actually zero. Regarding the 2017 fiscal year, of the 358 COI MWs at risk, all are held by one party whose deadline for submittal of renewal requests on a majority of the reservations, is January 1, 2016. Of the 358 Pacific Direct Current Intertie (PDCI) MWs at risk, it appears that two parties hold these rights with one already renewing the majority of its rights and the other required to submit renewal requests by January 1, 2016.

Additionally, the BPA presentation provided at the September 29, 2015, Southern Intertie workshop demonstrated that, despite a reduction in BPA's long-term firm queue, it still contains approximately three times the total MWs at risk described above for both the COI and the PDCI. Should the current rights holders elect to release their rights during the 2017 fiscal year, BPA's cost recovery does not seem to be threatened. The primary driver for a rates solution prior to the upcoming BP-18 rate proceeding should be based on verifiable concerns that BPA will be unable to recover its investments in the Southern Intertie. The data provided by BPA does not sufficiently demonstrate that BPA will be unable to recover its costs during the 2016 and 2017 fiscal years. PGE recommends that BPA provide an update on renewals after the pending January 1, 2016, deadline for most rights holders.

PGE would like to see more detailed analysis to assess whether there is a valid concern that merits immediate rates action or if waiting for the region to settle would be more prudent and indicative of potential lost revenue. The tables in Appendix B provide only summary information. BPA should provide additional data regarding the following:

- The annual roll over data to allow customers to assess whether there is a distinct downward turn or whether this is somewhat cyclical.
- Notices BPA has received regarding customers' intentions not to roll-over their rights and what percentage of those eligible for roll over they represent.



- Updated information regarding BPA's queue for both the COI and PDCI.
  - Historical unsold long-term firm rights on the Southern Intertie.
- 2) PGE is concerned that BPA has not weighed the costs of moving forward with an expedited 7i process against the potential benefits such an approach may offer compared to simply incorporating the issue into the upcoming BP-18 rate case. PGE suggests that BPA provide some initial data detailing the potential revenues, costs, and rate increases each of the rate and non-rate alternatives are expected to bring. What increased costs would BPA attempt to recover in the expedited 7i process and what is the cause of those costs? Is there a forecast of potential lost revenues? What is that forecast based upon?

PGE suggests that BPA add an assessment of the value to be gained by completing an expedited 7i process compared to enacting available non-rate alternatives prior to the BP-18 rate case. While a good starting point, the qualitative analysis provided in the whitepaper lacks depth and value that is required for customers and BPA to make properly informed decisions. PGE recommends that prior to engaging in a rate making process, BPA provide a more detailed quantitative analysis.

- 3) PGE suggests BPA identify the OATT principle that would allow BPA to curtail the north side of the Southern Intertie when congestion is actually occurring on the south side of the path. Additionally, PGE suggests BPA explain how this process will affect other network interties.

PGE has additional comments on the individual alternatives proposed; however, because BPA wished to focus this round of comments on the background/context sections and the descriptions of the alternatives, PGE will refrain from providing such comment at this time.

In summary, PGE reiterates its opposition to a specific Southern Intertie rate case prior to exhausting non-rate options. PGE believes that an expedited 7i process is unnecessary given projected BPA revenues for BP-16 will not be impacted before the BP-18 rates take effect. PGE believes a more thorough analysis is necessary to address the following issues:

- 1) Is there an actual declining trend in long-term firm transmission on the COI?
- 2) Is there a valid concern that BPA will experience a loss of revenue within the BP-16 rate period that will result in BPA not being able to cover its costs on the Southern Intertie?
- 3) Do these concerns warrant an expedited 7i process, and what are the potential benefits to this process that cannot be addressed in the BP-18 rates case?
- 4) BPA should consider how each alternative selected fits within the OATT principles and how this process will affect other network interties.

PGE appreciates the opportunity to participate with BPA and other regional parties seeking solutions to these important issues. PGE looks forward to continuing regional dialogue on this matter.

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