



## Department of Energy

Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208-3621

CORPORATE STRATEGY

January 23, 2013

In reply refer to: SR-7

Dear Interested Parties,

This letter is to inform you of the Bonneville Power Administration's response to the Federal Energy Regulatory Commission's Dec. 20 order conditionally accepting our Oversupply Management Protocol. Under the protocol, BPA displaces generation when necessary to balance energy supply and demand and reduce the amount of total dissolved gas in the Columbia River.

We are also seeking comments on proposed revisions to the protocol, established in Attachment P of BPA's Open Access Transmission Tariff. We plan to re-file the tariff attachment with FERC in March.

### **Response to FERC's Dec. 20 order**

Yesterday, BPA filed a request with FERC for rehearing on the requirement to submit, within 90 days of the order, a new methodology to allocate Oversupply Management Protocol costs. Because BPA had not completed its rate-setting process, the issue was not before FERC, and FERC did not have a record on which to make a ruling. BPA is currently conducting the OS-14 rate case to develop a cost allocation methodology, which we will then submit to FERC for approval.

BPA also requested a stay of the compliance filing requirement until FERC rules favorably on the request for rehearing, in which case a compliance filing would not be required, or until BPA files its final OS-14 rate proposal with FERC. BPA has requested expedited review of its request for a stay.

### **Revisions to the Oversupply Management Protocol**

Before FERC issued the orders on Dec. 20, BPA announced it would re-file the tariff attachment on the Oversupply Management Protocol with FERC after taking comment on proposed revisions. After receiving the Dec. 20 orders, we put the effort to re-file on hold while we reviewed the orders. BPA is re-filing the protocol because it expires on March 30.

Consistent with FERC's orders and its conditional approval to use the protocol, we will re-file the tariff attachment with the following proposed revisions:

- The revised tariff does not specify an expiration date. The purpose is to avoid having to repeat this effort if we continue to use the protocol. The absence of an expiration date

will not stop us from seeking alternatives for managing seasonal electricity oversupply. We will continue working with our stakeholders to seek a durable, long-term solution.

- We have included consequences for generators that fail to submit supporting cost data. The purpose is to assure ratepayers that all future costs are correct and reasonable.
- The tariff includes a non-exclusive list of actions BPA may take to reduce or avoid the need for displacement, per FERC's direction.
- The tariff does not reference cost allocation, an issue that must be resolved in the current OS-14 rate case.
- We changed the deadline for generators to submit displacement costs from March 31 to March 15 to give the independent evaluator more time to verify that generators have submitted supporting data.

Per FERC's direction, BPA will also seek public comment on whether to include compensation for thermal generation under Attachment P. The Commission noted that thermal generators have not identified specific uncompensated costs caused by displacement and should be afforded the opportunity to demonstrate such costs.

BPA's revised tariff and background information are available at [www.bpa.gov/goto/oversupply](http://www.bpa.gov/goto/oversupply). We will host a conference call to discuss the revisions on Jan. 29, from 9 to 11 a.m., and we will accept comments on the revisions through Feb. 6. To participate in the conference call, dial 888-830-6260 and enter participant code 374093. You may submit comments online at [www.bpa.gov/comment](http://www.bpa.gov/comment); by mail to Bonneville Power Administration, Public Involvement – DKE-7, P.O. Box 14428, Portland, OR 97293-4428; or by fax to 503-230-4019.

All comments will be posted in their entirety, including the author's name and affiliation, at [www.bpa.gov/comment](http://www.bpa.gov/comment). Following the comment period, BPA will draft a response to comments and revise the filing. BPA plans to submit the filing on March 1.

If you have questions about BPA's proposal or need more information, please contact Nita Burbank, Oversupply Project Manager, at [nmburbank@bpa.gov](mailto:nmburbank@bpa.gov) or 503-230-3935, or call the general information line toll free at 800-622-4520.

Sincerely,

*/s/ Elliot E. Mainzer, January 23, 2013*

Elliot E. Mainzer  
Executive Vice President  
Corporate Strategy