



## Department of Energy

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CORPORATE STRATEGY

December 17, 2010

In reply refer to: BPA/SR-7

Subject: Next Steps for Overgeneration Management

To: Multiple Addressees

Thank you for your interest in maintaining reliable power system operation and fish protection during occasional periods of high water in the Columbia River system.

More than 60 people attended our second workshop on this subject Dec. 3. We discussed existing and prospective actions to minimize excess spill that could be dangerous to fish. The list of ideas we are working on is found in the attached [statement](#) distributed at the meeting. (See pages 4 – 5.) Participants suggested even more ideas, and we're actively pursuing them, too. We will update you in the next few weeks with a meeting summary and status report on our efforts to follow through on the specific ideas suggested so far.

We also announced that, once all other reasonable actions have been taken, BPA proposes to conduct environmental re-dispatch as a last resort when necessary to comply with the Clean Water Act and Endangered Species Act. Environmental re-dispatch would substitute federal hydropower for other generation in BPA's balancing authority area. We will request comments early in 2011 on draft environmental re-dispatch business practices and a draft record of decision. If you are interested in working on environmental re-dispatch mechanisms, please contact Kieran Connolly at [kpconnolly@bpa.gov](mailto:kpconnolly@bpa.gov) or 503-230-4680.

We also said BPA will not pay parties to replace their generation with federal hydropower, that is, BPA will not pay negative prices to comply with federal law. This is unlikely to be an issue for thermal generators, as they typically have an economic incentive to shut down and use low-cost or free federal hydropower. However, wind projects that receive Production Tax Credits and/or Renewable Energy Credits might be financially affected. While we believe there are solutions that would keep all parties economically whole, this is a significant concern. If you are interested in working on concepts to address state or federal incentives, please contact Doug Marker at [drmarker@bpa.gov](mailto:drmarker@bpa.gov) or 503-230-3549.

## Peer-reviewed impact analysis in progress

Parties at the Dec. 3 meeting asked BPA to analyze the scope of the potential financial impact of environmental re-dispatch on wind project owners. We agreed and are developing a preliminary analysis with an array of scenarios to roughly bind the potential range of environmental re-dispatch magnitude and potential costs to PTC and REC recipients. This involves many assumptions, and we intend to seek peer review from analysts with national energy laboratories. We will share the preliminary analysis and request your review and additional suggestions in January 2011.

## How to stay involved

We have been mailing information on this subject to BPA's existing Tech Forum and Wind Integration Team mailing lists. We are establishing a separate Overgeneration Management mail list. You may join this list by e-mailing Kurt Lynam at [kolynam@bpa.gov](mailto:kolynam@bpa.gov) or by going to the [Columbia River high water management](#) page on BPA's Web site at : <http://www.bpa.gov/corporate/AgencyTopics/ColumbiaRiverHighWaterMgmt/> This page also contains presentations and handouts from the Dec. 3 and Oct. 12 workshops and other materials on this subject.

We will direct future communications on this issue to the Overgeneration Management mailing list.

If you have general questions about our efforts to manage overgeneration during high-water periods, please contact me at [dplane@bpa.gov](mailto:dplane@bpa.gov) or 503-230-3648. Thank you again for your active and constructive participation in this issue. As you know, our goal is to have additional solutions in place and functioning for the next spring runoff, beginning April 1, 2010.

Sincerely,

//electronically signed//

Nic Lane  
Overgeneration Management Tools Coordinator