



Energy Promotion and Development Division

Montana Department of Commerce

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ENERGY PROMOTION & DEVELOPMENT DIVISION

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May 12, 2011

Re: Bonneville Power Administration Staff Recommendation on NOS 2010

TechForum@BPA.gov

Thanks for the opportunity to offer these comments on the Bonneville staff recommendation related to the 2010 NOS process.

As studies recently made public clearly demonstrate, the characteristics of Montana wind complement existing Columbia Gorge wind generation on Bonneville's system and more closely fit the Pacific Northwest load shape. In addition, the highly energetic Montana wind resource has been identified for years as among the best in the nation. In order for Montana to develop some of the best wind resources in the nation, new transmission capacity is needed. Bonneville is in a position to create such capacity at reasonable cost, and as is the case in the matter of elimination of the Montana Intertie transmission rate pancake, this potential also comes without impact to transmission rates for Bonneville's existing customers. I'm referring to the upgrade of the 500 kV facilities west of Garrison, MT (aka CUP West), which has been identified by Bonneville in the current Network Open Season (NOS) process as cost effective incremental capacity that can be made available in response to transmission service requests by a Montana developer.

An impediment to the Administrator's approval in the pending NOS decision of the CUP West project, however, is the inability to expedite necessary studies in a timely matter to support Bonneville's NOS process. What's more is that whether such inability was within Bonneville's control or not, Bonneville has been aware for some time of the potential for these studies to impact the NOS schedule and therefore the pending decision by the Administrator, but only very recently did Bonneville make that information available to affected parties. Surprises that result in delays in forecasted milestones negatively affect the perceptions of players key to the outcome of a project – bankers, equipment suppliers, etc. While certainly not Bonneville's intention, this delay has created such negative perceptions with regard to Montana development.

There is still time, however, to mend those misperceptions by sending a clear message that Bonneville supports Montana wind. The forthcoming Administrator's decision should make very clear some key points:

- It is Bonneville's intention to complete CUP West at embedded rates as the analysis in the open season suggested.
- All NOS determinations are based on information available at the time of the decision. Subsequent developments that would render prior decisions inappropriate will be

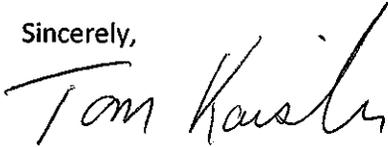
considered in the ultimate decision to build a project. The additional studies related to CUP West are nothing more than any other assessment done post-NOS except that given the short duration expected, impacts will be assessed prior to implementation of the NEPA process instead of waiting for the build decision.

- There is no reason to suspect that the final study will change the conclusions reached to date in the NOS process related to CUP West as a cost effective transmission solution.

Bonneville's history in its prior NOS processes has been very positive. This unfortunate delay in the CUP West analysis can either define the outcome of the current NOS process, or become lost in the history of another successful NOS process. I encourage you to show Bonneville's support for Montana wind and assure another successful NOS process by making the points I suggested above.

Thanks for your consideration of these comments.

Sincerely,

A handwritten signature in black ink that reads "Tom Kaiserski". The signature is written in a cursive style with a large, sweeping initial "T".

Tom Kaiserski
Governor's Energy Advisor