

Network Open Season Backgrounder

Bonneville Power Administration (BPA) conducted Network Open Season (NOS) processes in 2008, 2009, and 2010 as a way to manage requests for long-term firm transmission service and plan for transmission system expansion. The NOS model has been beneficial for BPA and the region. BPA has been able to process 263 requests totaling 11,722 MWs through these processes. Of those requests, BPA has been able to offer 6,886 MWs of new service of which 2,555 MWs were authorized using existing ATC. The NOS model has also been successful in supporting the large-scale integration of wind into the region. Of the 11,722 total MWs offered through NOS so far, 7,105 MW were associated with wind generation. BPA has also identified several potential major transmission expansion projects which are currently in various stages of construction or environmental review.

The current NOS model has been very successful at meeting BPA and regional objectives, however, the speed at which these objectives were met has been much faster than BPA anticipated. By the end of 2010, BPA had connected nearly 3,400 MWs of wind generation to its transmission system. An additional 3,700 MWs of wind generation has firm rights that could connect to our system as early as 2013. To put this magnitude of interconnection into perspective, four years ago, a regional task force on wind integration believed that connecting 3,000 MWs of wind to the BPA system was a reasonable target to be accomplished by 2020. The wind integration into Bonneville's system beat that target by 10 years, and Bonneville currently has requests in its interconnection queue that could increase total wind generating capacity in its Balancing Authority Area to 10,000 MWs by 2017. Similarly, BPA construction of new transmission has moved ahead at an aggressive pace. Projects requiring an average build time of 10-12 years nationally have been completed by BPA in 4 to 5 years, a pace that could be a challenge to sustain over time.

The rapid pace of development has brought BPA to a point where it is now critical to reassess current policies and tools to achieve the next generation of regional wind integration objectives for the region. Therefore, BPA has determined it is essential at this juncture to 1) reconvene the Northwest Wind Integration Forum Policy Steering Committee; and 2) delay the start of the next NOS process while the regional dialogue around addressing the challenges associated with the accelerated pace of wind development takes place.

Northwest Wind Integration Forum Policy Steering Committee. The Steering Committee last met more than a year ago. Because wind development has been so rapid, BPA believes it is time for the Steering Committee to once again organize a discussion among regional stakeholders on wind-specific issues, review operating experiences, and evaluate emerging challenges resulting from the rapid development of wind power in the Pacific Northwest. These discussions might well produce recommendations on how to best integrate additional amounts wind energy in the coming years. Given the significant number of wind-related requests that customers submitted in the 2008, 2009, and 2010 NOS processes, recommendations from the Steering Committee discussions are likely to influence future BPA NOS policies.

NOS Policies and Other Initiatives. While the "first generation" of NOS (the 2008, 2009, and 2010 NOS processes) has been successful and benefitted both BPA and the region, it is timely to step back to consider changes that may be helpful to advance a "second generation" NOS that takes stock of the current and evolving business environments. BPA plans to consider these changes concurrently with the Northwest Wind Integration Forum Policy work described above. It is critical to consider these changes now given that the next NOS process will drive the subsequent round of major transmission investment in the Northwest. Some of the issues that will be addressed to promote effective transmission planning for the second generation of NOS are:

- Customer Source/Sink Information
- Transmission service deferrals
- Generator interconnection credits
- Generation load balance
- Coordination with other regional transmission expansion efforts (Intertie Open Season) and Generation Interconnection requests
- NT planning

Financials. BPA will also continue to evaluate the financial considerations associated with the NOS process. These include customer financial viability, rate impacts, and cost shifts. A critical financial consideration is BPA's access to capital that is used to conduct environmental and system studies as well as to construct facilities identified through the NOS process.

The length of the pause in the NOS process will be determined by the regional dialogue facilitated by the Northwest Wind Forum Policy Steering Committee that is expected to begin in June 2011. BPA will continue to evaluate all long-term firm transmission service requests per its current available transfer capability methodology. BPA will offer such capacity as it is available. The delay will not impact the 2008, 2009 and 2010 NOS processes already underway.

