

3Degrees  
 American Wind Energy Assoc.  
 Blattner Energy  
 Bonneville Environmental Foundation  
 BP Wind Energy  
 Calpine  
 Center for Energy Efficiency & Renewable Technologies  
 CH2M Hill  
 Christenson Electric  
 Citizens' Utility Board  
 Climate Solutions  
 Clipper Windpower  
 Columbia Gorge Community College  
 Community Renewable Energy Association  
 E.ON Climate & Renewables  
 EDF Renewable Energy  
 EDP Renewables  
 Element Power  
 Environment Oregon  
 Environment Washington  
 Eurus Energy America  
 EverPower  
 FirstWind  
 Gaelectric  
 Gamesa Energy USA  
 GE Energy  
 Geothermal Resources Council  
 GL Garrad Hassan  
 Green Mountain Energy  
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 Montana Environmental Information Center  
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 NaturEner  
 NextEra Energy Resources  
 Northwest Environmental Business Council  
 Northwest SEED  
 NW Energy Coalition  
 Oregon Tech  
 Oregon Solar Energy Industries Association  
 OSPiRG  
 Port of Vancouver, USA  
 Portland Energy Conservation, Inc.  
 REC Silicon  
 REpower USA  
 RES America Developments  
 Ridgeline Energy  
 Solar Oregon  
 SolarCity  
 Stoel Rives, LLP  
 SunPower Corporation  
 SWCA Environmental Consultants  
 Tonkon Torp LLP  
 Vestas Americas  
 Warm Springs Power & Water Enterprises  
 Washington Environmental Council  
 WashPIRG  
 Western Resource Advocates



**Date:** 1/11/13

**To:** BPA TechForum (via email at [techforum@bpa.gov](mailto:techforum@bpa.gov))

**RE:** NOS Reform and LGIP/SGIP Reform Comments

RNP appreciates the opportunity to comment on the Network Open Season (NOS) and the Large Generator Interconnection Procedure (LGIP) and Small Generator Interconnection Procedure (SGIP) reform efforts. BPA staff has devoted a lot of time and effort to both of these reforms and we hope that these comments will be useful in helping to move these processes forward.

### Network Open Season Reform Comments:

Our primary interest with respect to the NOS is simply getting it started again; the region has significantly benefited from the previous NOS rounds and obviously still requires a functional and timely approach to subscribing existing ATC and financing new transmission facilities. From our perspective, given the direction these reforms seem to be taking and given the needs and capabilities of our members, we are concerned that the terms and conditions will be too restrictive for independent renewable energy developers to participate in the upfront financial backing of the construction phase of new transmission facilities.

At this time, however, we believe BPA should focus on restarting the regular NOS cycle and restacking the queue to meet transmission requests with existing ATC. Considering the timeline for returning to the regular NOS cycle (June 2013), we think it is important to move forward now. We support this direction based on our understanding that 1) the terms and conditions will get more detail and refinement leading up to NOS-2013, and 2) significant reforms and process redesign are likely to be necessary again in the near future. We recognize that these are difficult issues that require some trial and error to find a robust solution.

In that spirit, we offer the following comments:

1. We support staff's "Alternative 5." Moving forward with the next NOS under the tariff cluster study process is agreeable to us for NOS-2013, but we ask that BPA commit to reevaluating this approach in future years.
2. We very much appreciate the proposal to return to a 12-month NOS cycle.
3. We don't have any concerns with the 5-year minimum TSR duration, assuming that there is a functional non-NOS process for those customers seeking shorter, more temporary transmission service.

### **“Ultimate Sink” Requirement Comments:**

We are opposed to the proposal to require a customer to demonstrate an ultimate sink as a condition for participating in the NOS, if BPA’s definition of an “ultimate sink” excludes a market hub POD or an intertie POD. We view this requirement as potentially discriminatory and, depending on the ultimate details, we would expect this policy to be proactively challenged.

We understand the difficulties with accurately modeling the transmission system without sufficient knowledge of where the energy is contractually intended to sink. However, we have suggested that the market hub and intertie injection points exchange, redispatch, and “sink” significant amount of energy on a routine basis, and we have not heard any reason why this assumption is not sufficient for moving forward under the status quo policy permitting market hub and intertie PODs.

Our concerns with the ultimate sink requirement are two fold:

- 1) Open access transmission policy fundamentally gives all generators the right to pay for transmission service and participate in the regional market, with or without a long-term off-taker agreement. The fundamental economics of such a business model provide a natural check on how extensively it is used and we do not foresee large numbers of megawatts pursuing this option in the near future. However, in our view it remains a foundational component of open access policy that should be maintained.
- 2) For those projects seeking long-term off-taker agreements, there is a chicken-egg problem with BPA’s proposal: customers can’t get a contract with an ultimate sink without first having transmission rights; BPA won’t give customers transmission rights without an ultimate sink.

We are opposed to the proposed ultimate sink requirement. If BPA chooses to move forward with this approach, one way to potentially mitigate its negative impacts would be to apply the ultimate sink requirement at the very end of the NOS process, right before the final financial commitments are made and the decision to proceed with construction is finalized. Here, developers could demonstrate to potential off-takers an eminent solution to their project’s transmission needs and obtain an ultimate sink commitment.

BPA should only make such a requirement a condition for a lesser upfront financial commitment rather than an inflexible requirement. As such, customers would still be allowed to identify a market hub or intertie POD but would have to contribute an additional upfront deposit to mitigate BPA’s risk. This additional upfront deposit would also help ensure that the project is economically viable and will indeed have an ultimate sink on a regular basis. Such an approach possibly avoids the discriminatory aspects of BPA’s proposal and may be workable.

### **NOS Financial Requirement Comments:**

Depending on where the details of the tiered financial commitment proposal end up, we are concerned that the construction phase financial requirements are too onerous for independent renewable energy developers to meet and that these requirements will hinder our members’ participation in the construction phase of any future NOS.

That said, we offer the following comments to help refine and improve the tiered financial commitment proposal:

1. There should be a path to a 0% construction phase financial commitment (“Option A”) for all types of customers. This option should be feasible for customers and transmission requests that can demonstrate little to no risk to BPA, especially for projects that have been vetted through a robust transmission planning process (discussed further below).
2. Creditworthiness is an appropriate metric.
3. Progress in the GI queue could be an appropriate metric, but BPA needs to be aware that customers can face significant difficulty aligning BPA’s NOS and LGIP timelines when/if the NOS process takes five years or longer and the LGIP only provides for 2-3 years of parking lot and suspension rights (as is currently under discussion in the LGIP reform discussions.) A customer needs to have an amount of flexibility (parking lot or suspension rights) that is equal to the time it takes BPA to complete a full NOS cycle and determine if the customer’s transmission service can be met.
4. TSR term length is an appropriate metric.
5. Demonstrating an executed PPA is not an appropriate metric, unless customers are allowed to sink to market hubs (see above) and this requirement is purely to mitigate any additional risk associated with those customer requests.
6. We support the securitization of all financial commitments.
7. We emphasize that while the details may be different for public power customers and IOUs, marketers, and IPPs, all customers should be held to comparable financial requirements.

### **Transmission Planning Comments:**

In hindsight, the experience with the NOS process over the past five years highlights the importance of robust transmission planning and the view that a NOS is not a substitute for a robust transmission plan. Individual customers’ needs, their business plans, and their financial capability will always be in flux over the course of a 5-10 year transmission development process.

Accepting that reality, a robust transmission plan should identify upgrades and new infrastructure that provide net benefits to the region under a variety of reasonable future economic and policy scenarios. While we may not know ten years in advance which customers will ultimately subscribe a line, we can be confident that a transmission project that has gone through a robust transmission planning process and has been identified as “least-regrets” will have customers, whoever they may be. The NOS process should then be run on top of this robust transmission plan to refine the details of the transmission projects, subscribe the transmission as fully as possible, and confirm that “now” is the correct timing to move forward with constructing all or some of the projects.

We make these comments to highlight the potential for improving future NOS cycles and the transmission planning process in general. We are not suggesting that such a concept should be a prerequisite for moving forward with NOS 2013.

## **LGIP and SGIP Comments:**

RNP appreciates the continued examination of the LGI and SGI Procedures. Given the ongoing reform of the NOS process, we think that BPA is devoting the right amount of attention to this effort and that staff is moving in the right direction and doing an excellent job cautiously advancing this effort forward. In that spirit, we offer the following comments and look forward to further discussion in the near future:

1. The principles that BPA has developed to help govern the redesign of the interconnection process are appropriate.
2. BPA is considering unifying the LGIP and the SGIP, clustering “electro-geographically related requests, and establishing a separate process for de minimis small-scale projects or stand-alone projects. We are generally supportive of this direction. We are interested in better understanding 1) if and how this would impact existing requests as they move through the transitional period, and 2) if the de minimis determination applies to “up-rates” of existing projects. BPA should establish some clear guidelines for its de minimis determination.
3. BPA is considering a Pre-Request Review process to screen out any unfeasible projects and to determine if a project is de minimis. As a part of this Pre-Request Review, BPA is considering a deposit or fee and possibly charging a higher deposit for projects that wish to continue through the process despite BPA’s determination that the project is infeasible, or BPA may just refuse the request outright. We are supportive of the Pre-Request Review but do not believe BPA should be able to refuse requests outright. Again, BPA should develop clear criteria for making these determinations.
4. BPA is considering a sliding deposit for the interconnection request submittal: a minimum deposit of \$5,000 for projects up to 1.9 MW; \$10,000 for projects ranging from 2 MW to 2.9 MW; \$20,000 for projects up to 3 MW, with an additional \$1,500/MW for projects up to 19 MW; and \$50,000 for all projects over 19 MW. The initial deposits would roll forward to cover study costs. We support this approach.
5. BPA is considering a site permit milestone requirement and is also considering not accepting a deposit in lieu of demonstration of site control. While we can generally support a site permit milestone, we reiterate our previous comments that 1) customers should have 24 months to obtain site control, and 2) flexibility for regulatory delay (including BPA transmission service delays) is extremely important. We also support the concept of exempting behind the meter integrations from this requirement.
6. BPA is considering regularly allocating requests into similarly situated clusters for study, which will be completed in 180 days. If a request is withdrawn after the ISS Cluster Study Report is delivered, deposits would be refunded less pro-rata costs incurred to date. We are generally supportive of moving in this direction but would appreciate BPA exploring options to complete the studies in 120-150 days.

7. In our previous comments, RNP strongly supported retaining the pro forma suspension provisions as an important flexibility necessary for developers to align their transmission service and their off-taker agreements with the interconnection process. RNP appreciates that BPA is considering providing up to three one-year parking lot options that would give customers some flexibility to wait in the queue while they align their other business components. We agree that the ultimate goal is to structure a policy that gives customers flexibility to align the various timelines without clogging up the process for other customers moving forward.
  - a. It is unclear to us at this time what BPA is considering with respect to the pro forma suspension provision. Will it be retained, modified, or removed in favor of a parking lot approach? We will need more detail on the parking lot policies in order to understand how meaningful of a tool they will be for developers.
  - b. One aspect of the parking lot concept that we are concerned about is the non-refundable deposit requirement. Requiring a 15% of the pro-rata costs of a shared interconnection in order to get into the parking lot is excessive, especially if it is non-refundable.
  - c. It is unclear to us at this point what exactly is being conceived of in regards to the “Parking lot #2A (to allow cross-fertilization with NOS).” However, we appreciate BPA being mindful of the customers need to align the interconnection and NOS processes. A customer needs to have an amount of flexibility (parking lot or suspension rights) that is equal to the time it takes BPA to complete a full NOS cycle and determine if the customer’s transmission service can be met.
8. With respect to the Facilities Design and Engineering milestone, more detail is needed to understand which “some combinations” of the suggested metrics might be appropriate. At this point, we are more inclined toward the deposit-oriented metrics. In the context of the NOS reform discussions, we have opposed the use of PPAs and load/sink designations as discriminatory requirements that do not recognize the “chicken-egg” reality of developing independent power projects. It goes without saying that whichever combination of metrics is chosen it should treat all customers comparably.
9. With respect to the Interconnection Agreement itself, BPA is considering a “Unified Generator Interconnection Procedures Interconnection Agreement” (UGIP-IA).
  - a. BPA states that priority for limited interconnection capacity would be apportioned based on queue order within the cluster. We are unclear what is meant by “limited capacity” here and ask that BPA address this issue more thoroughly in the next workshop.
  - b. BPA is also considering a five-year latecomer provision requiring reimbursements sufficient to create a proportional distribution of costs. We are generally supportive of this requirement, but we would like to clarify that latecomers would still receive transmission credits for their reimbursement payments. Please confirm.

10. We appreciate that BPA is contemplating a transition period that will provide equity for requests already near the end of their study process. We look forward to discussing these details further.

Thank you for the opportunity to comment,

/s/

Cameron Yourkowski  
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