

## Renewable Northwest Project

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### **Subject: Comments on BPA/TBL proposed deviations from FERC Order 2003-A: Large Generator Interconnection**

Renewable Northwest Project and West Wind Wires appreciate the opportunity to provide input on BPA/TBL's proposed deviations from FERC's Order 2003. Renewable Northwest Project is a non-profit renewable energy advocacy organization whose members include environmental and consumer groups, and energy companies. RNP works to increase the development of clean renewable energy resources in the Northwest. West Wind Wires is a wind industry advocacy program under the auspices of Western Resource Advocates that represents wind in transmission planning and operational forums throughout the WECC region. Tom Foley is a consultant who has been working with RNP to further the development of cost-effective renewable resources in the Northwest. Our focus in this memo will be on wind energy resources.

BPA has had positive responses to wind industry requests in the past, which are consistent with its statutory requirement in the Northwest Power and Conservation Act to encourage the development of renewable resources in the Pacific Northwest. However, many of the deviations to Order 2003-A proposed by TBL will discourage new renewable generation in the region. Therefore, we request that BPA reconsider a few items in its proposal so that BPA's final compliance filing will support the development of renewable resources which bring diversity, price stability, and economic development benefits to the region. The changes we propose are general and will allow other resource development as well.

First and foremost, TBL should implement the pricing policy for network upgrades as intended by Order 2003-A without going through a rate case. TBL stated in its briefing on FERC's original Order 2003 at the December 11, 2003 public meeting that incremental transmission revenues from new generation will probably exceed incremental costs of network upgrades. Additionally,

FERC's Order 2003 has placed a number of limitations on how credits for network upgrades should be given. These limitations significantly reduce the possibility of cost shifting to BPA's native load customers. Thus, the FERC pricing proposal should be adopted as is. With the uncertainty inherent in a rate case, most developers will not be able to move forward with new generation projects until the rate case is completed and BPA has issued a Record Of Decision (ROD). If BPA sees no way to implement FERC's Order 2003-A pricing policy without a 7(i), BPA should at a minimum begin an expedited 7(i) process with its focus limited to this issue as soon as possible.

BPA should also implement a tiered fee structure for interconnection studies based on the size of a generation project. The set fees that FERC included in its order 2003-A do not accurately reflect the costs of interconnection studies for smaller generators. Having large amounts of capital tied up until the true cost of studies is determined is a burden for small generators. We feel a tiered fee structure, based on BPA's experience in doing these studies, would eliminate an unnecessary financial burden.

In addition to these issues, we would like to work with the TBL to develop a network resources interconnection service (NRIS) that will make the most cost-effective use of the BPA transmission system. The first step should be to establish a schedule that TBL will use to address NRIS.

With regards to Appendix G of Order 2003-A, "Requirements of Generators Relying on Newer Technologies," the American Wind Energy Association (AWEA) is working with FERC to draft a set of reasonable requirements for wind generators that will address technology differences between intermittent, renewable resources and fossil-fired resources. We hope BPA will be open to addressing and adopting those changes when they are available.

We look forward to working with you further on these issues.

Sincerely,

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