

Comments of the Public Generating Pool on BPA's Compliance with FERC Order 2003-A

The Public Generating Pool (PGP)¹ offers the following comments on BPA's proposed deviations from FERC's Order 2003-A, posted April 6, 2004.

1. In general, the PGP supports the proposed deviations as reasonable given BPA's unique statutory circumstances. Specifically, in the Large Generator Interconnection Procedures, the PGP supports (1) the elimination of the LGIP provisions that would require the filing of unexecuted interconnection agreements with FERC, (2) the addition of provisions regarding BPA's obligations under the National Environmental Policy Act (NEPA), (3) the deletion of provisions that put FERC in charge of resolving disputes over technical requirements for interconnection, and (4) the modifications to the interconnection request form and study agreement forms. In the Large Generator Interconnection Agreement, the PGP supports (1) the elimination of the provision for filing agreements at FERC, (2) the revisions for consistency with WECC reliability requirements, (3) the elimination of liquidated damages in the limited circumstance that construction is delayed, (4) the deletion of provisions on income taxes, (5) the modifications for compliance with NEPA, and (6) the elimination of references to sections 205 and 206 of the Federal Power Act.
2. However, regarding the direct assignment of costs to new interconnection customers, the PGP does not agree with BPA's intention to fold this issue into the upcoming general transmission rate/tariff case, which is expected to begin this fall. This issue is important to those interested in developing resources that will be needed in the future by the region. To the extent that the direct assignment guidelines need to be modified for compliance with Order 2003-A, BPA should conduct an expedited process under section 7(i) of the Northwest Power Act that addresses this single issue. Such an expedited process should be completed by the fall of this year, and would eliminate one source of uncertainty regarding the allocation of at least some of the costs of the interconnection of new generation. In such an expedited process, however, BPA should be careful to provide accurate estimates of the expected cost shifts associated with compliance with the requirements of Order 2003-A, so that all parties will have a fair opportunity both to understand the implications of the new direct assignment guidelines and to submit evidence that will help in the Administrator's final decisions in this area.
3. Finally, the PGP strongly encourages BPA to take advantage of the flexibility offered by the Commission in Order 2003-A regarding the offer of credits (see section 11.4 of the LGIA) to interconnection customers that provide advance funding of network upgrades. In the upcoming transmission rate/tariff proceeding, BPA should clarify its current procedures regarding credits to transmission service customers who provide direct funding, so that the entire picture of transmission credits may be well understood and nature of comparability of payments to PBL and other

¹ Cowlitz County PUD, Douglas County PUD, Grant County PUD, Pend Oreille County PUD, and Seattle City Light.

interconnection customers can be fully examined. To the greatest extent possible, the upcoming transmission rate/tariff case should also provide clarity regarding BPA's policies on credits provided to Network Resource Interconnection customers, especially given that Network Transmission (NT) customers may be the only transmission service customer for the new Network Resource, and that it is not clear how credits would be offered in the circumstance that the new large generator makes sales of power at its busbar. The upcoming transmission rate/tariff case should also review TBL's payments for reactive power (including the technical specifications in section 9.6.1 of the LGIA), because compliance with Order 2003-A requires compensation to unaffiliated generators for voltage support on a comparable basis if the transmission provider compensates its affiliated generators. Given that TBL has a Memorandum of Understanding (MOU) with the Power Business Line through FY2006, TBL should establish its compliance with these new provisions of Order 2003-A regarding reactive power as soon as possible.