

# DRAFT

Dear BPA representative:

Snohomish County Public Utility District No. 1 (“District”) writes you today in response to the Bonneville Power Administration (“BPA”) public comment request on the FERC Order 2003-A - Large Generator Interconnection Procedure Agreement and Procedures.

The District reviewed the BPA Transmission Business Line (“TBL”) comments and redlines to Order 2003-A. The District supports the BPA TBL comments that were statutory in nature and contest delegating generator interconnection functions and jurisdiction authority to the Federal Energy Regulatory Commission (“FERC”).

However the District is concerned with the following BPA comment:

*“Generator Interconnection Direct Assignment Facilities do not include facilities located beyond the line terminal at the nearest network substation except for the costs associated with communication, control, metering, telemetry, protection, RAS and ICCP equipment additions or replacements.”*

After the collapse of many of the generation and marketing companies that made generator interconnection request on the BPA system, it greatly concerns the District that network upgrades will not be directly assignable to the generation project sponsor. Many of the sponsors of these generation projects have gone bankrupt. Further, of the active BPA transmission projects, many are being delayed and deferred and may not in fact ever be built. It is clear that building transmission facilities for these generation projects include significant risks that should be borne by the project sponsor, not the existing transmission customers.

The BPA proposal to not directly assign facilities costs beyond the “Network Substation” would increase costs or cost exposure to existing transmission customers. The geographic scope of the BPA transmission system with its numerous generator interconnection locations provides ample opportunities for short extensions of the system to the generator project. This will minimize the direct assignment costs the generation projects will bear. However the “Network” costs could be significant and are borne by all of the transmission customers. If the generation project fails to operate even more costs burden falls to the rest of the customers. This type of generation scenario seems to be a realistic concern given that most if not all, of the BPA main grid substation would meet the BPA definition of “Network Substation”.

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In Order 2003-A, FERC allows the transmission provider to choose how to reimburse the interconnecting customer for its up-front payment of network upgrade costs: after five years of providing transmission credits, (1) pay the interconnecting customer any remaining balance, plus interest, or (2) continue to provide credits beyond five years until no balance (including interest) remains

*“Notwithstanding the foregoing, Interconnection Customer, Transmission Provider, and Affected System Operator may adopt any alternative payment schedule that is mutually agreeable so long as Transmission Provider and Affected System Operator take one of the following actions no later than five years from the Commercial Operation Date: (1) return to Interconnection Customer any amounts advanced for Network Upgrades not previously repaid, or (2) declare in writing that Transmission Provider or Affected System Operator will continue to provide payments to Interconnection Customer pursuant to this subparagraph until all amounts advanced for Network Upgrades have been repaid”.*

The District requests that BPA use the option 2 payment schedule detailed above. The District believes that BPA should directly assign all generator interconnection costs and credit back the costs through wheeling credits or other appropriate methods. It appears that the BPA proposal increases financial risks to existing transmission customers to a greater extent than the FERC order 2003-A provides for.

The District appreciates the opportunity to comment and encourages BPA to actively take a leadership role in reducing existing customers' exposure to risky generator interconnection ventures.

Sincerely,

John Martinsen

Snohomish County Public Utility District

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