

July 13, 2022

Via email:

techforum@bpa.gov

U.S. Department of Energy
Bonneville Power Administration

Re: Comments of Puget Sound Energy, Inc. Regarding June 29, 2022, BPA BP-24 Rate Case & TC-24 Tariff Proceeding Workshop

Puget Sound Energy, Inc. (PSE) submits the following comments regarding certain topics from the June 29, 2022, BPA BP-24 Rate Case & TC-24 Tariff Proceeding Workshop (June 29 Presentation).¹ These comments should provide background and context for consideration of Eastern Intertie matters in BPA rate case (BP) and terms and conditions (TC) proceedings in the post-Montana Intertie Agreement (MIA) era.²

A. Introduction.

PSE has an interest in Eastern Intertie matters as a signatory to the MIA and as a co-owner of the Colstrip Transmission System (CTS), which interconnects with the Eastern Intertie at Townsend. As an investor-owned utility in the Pacific Northwest, PSE values the Eastern Intertie as it provides access to renewable energy resources in Montana through the BPA system. This is particularly important to PSE as it works toward implementing its clean energy goals and meeting the requirements established in the Washington Clean Energy Transformation Act.

The June 29 Presentation describes BPA's commitment in the BP-22 Settlement Agreement to

discuss and address rates and related issues regarding the Eastern Intertie in at least one pre-rate case workshop prior to the BP-24 proceeding, acknowledging the interests of the Montana Intertie parties and BPA transmission customers, and taking into account the projected long-term firm demand for the Eastern Intertie post 2025³

The June 29 Presentation states under "Next Steps" that (i) "BPA will be offering OATT service to the CTS parties 10/1/25, effective 10/1/27," (ii) "BPA will address rate treatment in BP-26", and (iii) BPA will "[c]ontinue to coordinate with the CTS parties as adjacent transmission owners."⁴

¹ Available at https://www.bpa.gov/-/media/Aep/rates-tariff/bp-24/6-29-22-workshop/BP_TC-24-Workshop-June29-2022.pdf.

² The statements in these comments are general and are subject to, and qualified in all respects by, any applicable provisions of the Montana Intertie Agreement.

³ See June 29 Presentation at page 43.

⁴ *Id.* at page 47.

B. An agreement among BPA and the CTS owners is needed for post-MIA interconnected operation of the Eastern Intertie facilities and the CTS facilities.

The MIA currently provides for the interconnected operation of the Eastern Intertie and the CTS, and a post-MIA agreement will be required for the interconnected operation of the Eastern Intertie and the CTS.

The Eastern Intertie facilities and the CTS facilities interconnect at Townsend. There is currently no substation, metering or switching at Townsend. Under this configuration, it appears that the Eastern Intertie and the CTS facilities that interconnect with the Eastern Intertie must be located in the same BAA. This configuration will affect which party or parties perform what activities in connection with the interconnected operation of the Eastern Intertie and the CTS. The post-MIA agreement among BPA and the CTS owners should take into account and be consistent with the layout of the Eastern Intertie facilities and the CTS facilities that interconnect with the Eastern Intertie.

The post-MIA agreement should address the following, for example:

- (i) identification of the Balancing Authority Area (BAA) in which the Eastern Intertie facilities and the CTS facilities that interconnect with the Eastern Intertie will be located;⁵
- (ii) identification of the parties to construct, operate and maintain the Eastern Intertie facilities and the CTS facilities that interconnect with the Eastern Intertie;⁶
- (iii) provisions addressing transmission service availability on the Eastern Intertie facilities;⁷ and
- (iv) identification of the party to provide/collect for losses on the Eastern Intertie facilities and the CTS facilities that interconnect with the Eastern Intertie.⁸

Section 2 of the MIA includes the following requirement for BPA to offer to extend services provided under the MIA:

Term of Agreement. This agreement shall be effective at 2400 hours on the date of execution by all parties (Effective Date), and shall continue in effect, subject to the provisions of section 11, until 2400 hours, September 30, 2027; provided, however, that all liabilities incurred hereunder shall be preserved until satisfied. Two years prior to the termination date hereof, Bonneville shall offer to each Company to

⁵ Currently, the BPA Eastern Intertie and the CTS are located in the North Western BAA.

⁶ Currently, BPA constructs, operates and maintains the Eastern Intertie facilities from Garrison to Townsend, and the CTS owners construct, operate and maintain the CTS facilities from Townsend to Broadview.

⁷ As indicated above, the June 29 Presentation states that “BPA will be offering OATT service to the CTS parties”. However, it is unclear what this means in the context of the Eastern Intertie facilities operated in a BAA together with CTS facilities, and the post-MIA agreement for interconnected operation should address how transmission service is to be made available on the Eastern Intertie facilities.

⁸ Currently, North Western determines losses on the BPA Eastern Intertie and the CTS.

extend the services provided hereunder to such Company at that time, for 20 years under terms which are not less favorable to each Company than those which Bonneville is then offering for comparable services. . . . Bonneville's offer may be accepted by each Company individually, and shall not require acceptance by the other Companies to be effective.

Any arrangements regarding replacement of the services provided under the MIA must be consistent with the provision quoted above.

C. Post-MIA BP and TC proceedings must take into account and be consistent with the (i) layout of the Eastern Intertie facilities and the CTS facilities that interconnect with the Eastern Intertie, and (ii) agreements among BPA and the CTS owners with respect to such facilities.

Post-MIA BP and TC proceedings must take into account and be consistent with the (i) layout of the Eastern Intertie facilities and the CTS facilities that interconnect with the Eastern Intertie, and (ii) agreements as discussed above among BPA and the CTS owners with respect to the Eastern Intertie facilities and the CTS facilities.

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Nothing contained in these comments constitutes a waiver or relinquishment of any rights or remedies provided by applicable law or provided under BPA's Tariff or otherwise under contract. PSE appreciates BPA's review and consideration of the comments contained herein. By return e-mail, please confirm BPA's receipt of these comments.