



via email (techforum@bpa.gov)

U.S. Department of Energy
Bonneville Power Administration
Transmission Services

May 10, 2023

Re: Comments of Renewable Northwest on the TC-25 Initial Staff Leanings

Renewable Northwest (“RNW”) appreciates the opportunity to submit comments to the Bonneville Power Administration (“Bonneville”) concerning the TC-25 workshops held on April 26 and 27, 2023 (“April Workshops”),¹ where Bonneville explained its initial leanings with respect to potential interconnection queue reforms. The April Workshops provided a sense of where Bonneville is headed, but it is still difficult to ascertain whether the overall reform package provides a workable solution to the problems Bonneville is trying to address. RNW looks forward to continued discussions and offers some high-level feedback on the topics discussed at the April Workshops.

1. Bonneville’s Phased Approach Appears to be Generally Workable, But the “Tie-Breaker” Concept Needs Additional Development

Bonneville’s leaning to adopt a multi-phase cluster study, with two cluster study phases followed by a facility study phase where projects would be studied individually² does not raise any red flags, but RNW cannot support Bonneville’s proposal to use a readiness tie breaker without additional details. As Bonneville explained, the agency may use the time stamp from the demonstration of readiness requirements as a tie breaker “priority” demonstration to allow some projects within a sub-cluster to move forward more quickly.³

RNW applauds Bonneville’s creativity but is concerned that this concept may undercut the purpose of clustering projects in the first place. Allowing some projects to go forward with minimal upgrades may ultimately be the best approach, but Bonneville needs to provide more details on sub-clustering and how cost allocation would be handled. Readiness requirements are discussed in more detail below, but RNW will simply note here that this tie breaker concept would have dramatically different practical implications if applied to the transition queues. At a

¹ Additional details regarding the TC-25 Proceeding, including the presentation materials provided at the Workshop (“Presentation”) and stakeholder comments are available at <https://www.bpa.gov/energy-and-services/rate-and-tariff-proceedings/tc-25-tariff-proceeding>.

² Presentation at 12.

³ *Id.* at 14 (noting that MISO uses something similar).

minimum, Bonneville needs to clarify whether the tie breakers will be used in the transition process.

2. Network Upgrades Should be Allocated on Proportional Impact Rather Than Proportional Capacity

Bonneville’s leaning to allocate network costs based on proportional capacity appears inconsistent with cost causation. At the Workshop, Bonneville explained its leaning to allocate station equipment costs per capita (i.e., based on the number of generating facilities interconnecting to an individual station) while transmission and distribution upgrades would be allocated based on proportional capacity of each facility in the cluster.⁴ Bonneville argued that this allocation aligned with cost causation, was consistent with the industry, easy to implement and transparent.⁵ RNW is unconvinced. As network upgrade cost allocation is one the most significant reforms being considered, additional discussion is needed before moving forward with the agency’s proposal. Bonneville must explain why allocating costs by proportional capacity better aligns with cost causation than proportional impact, and how PacifiCorp and Avista’s approach is more consistent with the industry than the allocation method proposed by the Federal Energy Regulatory Commission (“FERC”).⁶

3. Immediately Requiring Strict Site Control May Go Too Far

Bonneville’s preference to require strict site control over allowing a deposit in lieu of site control to enter the Phase 1 Cluster Study will have a dramatic impact on queue eligibility. By contrast, the FERC NOPR would initially allow a deposit in lieu for projects with regulatory delays and then require a strict site control showing by the facilities study stage.⁷ At the Workshop, Bonneville indicated its definition of site control may be similar to that proposed in the FERC NOPR,⁸ but explained that it will be imperative to know the correct location of the interconnection service request to provide quality cluster study results and noted other transmission providers that allowed deposits in lieu wanted to move away from that practice.⁹ Bonneville also listed examples of an adequate site control demonstration as a .KMZ file, the acreage of the project and/or an attestation of the exclusive right to develop the generation site.

⁴ *Id.* at 50.

⁵ *Id.*

⁶ *See Improvements to Generator Interconnection Procedures and Agreements, Notice of Proposed Rulemaking*, 179 FERC ¶ 61,194, P 88 (2022) (“NOPR”) (proposing to allocate network upgrade costs for each cluster based on the proportional impact method, which relies on a distribution facto analysis).

⁷ *Id.* at PP 117-18 (2022).

⁸ Presentation at 50.

⁹ *Id.* at 51.

RNW filed comments arguing in favor of a deposit in lieu for any reason, consistent with Bonneville’s current practice and other FERC-approved tariffs.¹⁰ RNW now asks for more clarity about what will be required to demonstrate site control. For example, we understand from our members that other utilities in the region accept a letter of interest from a landowner, which may place Bonneville’s leaning out of step with neighboring transmission providers. Bonneville should also specify its acreage requirements.¹¹ RNW appreciates that Bonneville is currently inundated with interconnection requests, that site control is a good measure of a more “ready” project, and acknowledges that clearing the queue may have some desirable outcomes, but reiterates its request that Bonneville not adopt overly restrictive reforms. Should Bonneville continue to advocate for a strict site control requirement before the initial cluster study, the agency should provide some indication of how many projects will be expected to proceed from the current queue as compared to those that will be forced out. Without a sense of magnitude, it is difficult for RNW to provide support for this alternative.

4. Commercial Readiness Works for the Normal Cluster Process, But Will Unnecessarily Clear Out the Transition Queues

Bonneville laid out two commercial readiness standards: one for the first normal cluster study process (presumably beginning in 2025) and one for the transition study processes (presumably beginning in 2024), each of which serves different objectives and will have very different practical impacts.¹²

For the normal process, Bonneville’s leaning to have no commercial readiness requirement for the Phase 1 Cluster Study and a financial commercial readiness requirement prior to entering the Phase 2 Cluster Study strikes a good balance.¹³ Bonneville noted a slight preference for a financial demonstration to avoid the administrative burden of determining the

¹⁰ Comments of RNW on the Proposed Generator Interconnection Queue Reforms Presented at the TC-25 March Workshops, at 3 (Mar. 30, 2023) (“RNW Comments”).

¹¹ See FERC NOPR at P 116 (proposing transmission providers include in their tariff specific acreage requirements for each generating facility technology type).

¹² Presentation at 57, 126.

¹³ *Id.* at 57 (leaning No initial readiness requirement for Phase 1 Cluster Study; 2x Phase 2 Cluster Study deposit before Phase 2 (\$500,000 max); 3x the cluster study deposit for any necessary Phase 2 Cluster Re-Study (\$750,000 max); 20% of allocated network facilities identified in the Phase 2 Study/Re-Study (no max); and no additional amount for ESA). See also *id.* at 42 (Bonneville’s proposed Study Deposits leanings were a base deposit of \$25,000 plus \$500/MW (capped at \$100,000) for the Phase 1 Cluster Study (along with a \$10,000 non-refundable application fee); a base deposit of \$50,000 plus \$1,000/MW (capped at \$250,000) for the Phase 2 Cluster Study; a good faith estimate of allocated funds needed to complete preliminary engineering for the Facilities Study (“FAS”); and Bonneville is still evaluating the deposit amount that would be needed for the Environmental Study Agreement (“ESA”).

sufficiency of commercial milestones to demonstrate commercial readiness.¹⁴ The agency also indicated that commercial readiness amounts would be partially or fully non-refundable depending on the study phase timing and/or impact of the withdrawal.¹⁵ RNW finds this approach reasonable, but does not believe that Bonneville has fully justified the need for a financial-only option for demonstrating commercial readiness. RNW asks Bonneville to explain when and how amounts would or would not be fully refundable and whether putting commercial readiness money at-risk is warranted to spare BPA staff time determining the sufficiency of the commercial readiness demonstration. A better option would be to permit either a commercial readiness demonstration or pay the commercial readiness amounts proposed by Bonneville.

For the transition processes, i.e., both the Transition Serial Study process and the Transition Cluster Study process, Bonneville’s leaning is to require a strict commercial readiness demonstration in the form of a sale agreement, resource plan selection or site-specific equipment purchase order. As a threshold matter, RNW reiterates its previous comments that requiring a sale agreement or resource plan selection is discriminatory towards independent power producers (“IPPs”) that need to obtain interconnection costs before they are able to contract.¹⁶ According to Bonneville’s own summary:

Most comments recognized that the commercial readiness milestones in the [FERC] NOPR and Alternative 3 were out of alignment with regional and utility procurement processes. Also noting that the milestones in the NOPR would be difficult or impossible to acquire prior to having advanced interconnection studies or an executed LGIA.¹⁷

It is fundamentally unfair for Bonneville to add commercial readiness criteria as a requirement to proceed under the proposed transition process since Bonneville’s delays are the reason so many active interconnection requests do not have completed facilities studies and therefore cannot secure a sale agreement or power purchase agreement. Bonneville may have added the site-specific equipment purchase order criteria to address these inequities, but RNW asks the agency to re-think this requirement.

RNW gathers that the motivation for the non-financial commercial readiness demonstration is to advance existing requests that are more “ready” and to move to a more efficient process as quickly as possible,¹⁸ but Bonneville’s leaning appears *inefficient*, not to

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.* at 55.

¹⁷ *Id.*

¹⁸ *Id.* at 117 (listing general objectives for the transition process).

mention inequitable. Any projects currently in the serial queue that are not able to meet Bonneville's more stringent commercial readiness requirements will be forced into the next (normal) cluster study process, which requires commercial readiness in the form of a financial deposit. This means that Bonneville is essentially kicking the can to the next cluster where it may again be inundated with all the same projects, which will simply be asked to pay to demonstrate commercial readiness, and will then (again) be assigned some kind of time-stamped priority position in the 2025 queue (for tie breaker priority positions) that may or may not reflect the current serial queue positions. This result seems neither efficient nor equitable.

Similar to RNW's request above for site control, RNW again asks Bonneville to provide some indication as to how many of the current queue requests it anticipates will be allowed to proceed in the transition processes as compared to those forced out due to the non-financial commercial readiness criteria. RNW also asks Bonneville to better describe its rationale for the different commercial readiness standards and what the agency envisions will be the practical result of this proposal.

5. Unanimous Support for Study Cost Allocation Alternative 2 Should be Embraced Because it Provides and Equitable Middle Ground

Bonneville's proposal to allocate study costs pro rata by MW (Alternative 3) was not supported by any stakeholders, which should give the agency pause. Bonneville argues the Alternative 3 calculation is more predictable, transparent, and is consistent with the agency's preferred study deposit methodology.¹⁹ Bonneville noted unanimous support for Alternative 2, which would allocate 50% of the cluster study costs based on pro rata MWs and 50% by the number of participants in the study, and asked for comments providing more rationale as to why there was so much support for Alternative 2.²⁰

As an initial matter, RNW points out that the study deposit methodology is not entirely allocated by MW because it also includes a base deposit component. Moreover, the pro rata allocation is neither more predictable nor more transparent than Alternative 2, because although developers will know their own project size they will not know their pro rata percentage any sooner than they will know the total participant count. RNW previously filed comments noting that Alternative 2 appeared to be an equitable middle ground.²¹ Allocating costs by either MW or number can have substantially different impacts on differently sized projects. Developers with fewer and/or larger projects may prefer these costs be allocated by participant number whereas developers with more numerous or smaller projects would likely prefer costs be allocated by MWs. RNW heard support from its members for both options and may not be able to fully support one alternative over another, but suggests Bonneville choose

¹⁹ *Id.* at 67.

²⁰ *Id.* at 65.

²¹ RNW Comments at 4-5.

from the two alternatives that provide equitable compromise, i.e., the FERC NOPR, which would allocate 90% based on the pro rata MW and 10% based on participant count, or Alternative 2. Of these two options, RNW notes that only Alternative 2 shares broad support among BPA’s stakeholders.

6. Bonneville Should Begin Discussions on Affected System Study Requirements and Include the Application of Grid Enhancing Technologies as an Alternative to Major System Upgrades

At the Workshops, Bonneville explained its leaning to retain its status quo process for affected system studies until FERC issues formal guidance, but to move forward with updates to the modeling requirements outside of the agency’s tariff.²² Bonneville is planning to remove the outdated Appendix 1 from the agency’s tariff and to update its Technical Requirements for Interconnection to require a signed Model Attestation to enter the Phase 1 Cluster Study and detailed models within 30 days of receipt of the Phase 1 Cluster Study to proceed to the Phase 2 Cluster Study.²³

If Bonneville is not going to include modeling requirements in its tariff, it should immediately begin a separate public process to update its modeling requirements with stakeholders. While Bonneville has previously stated updates could be implemented through business practices (“BPs”) as opposed to tariff attachments, the agency should confirm whether the BP update process will also be used to make changes to Bonneville’s Technical Requirements for Interconnection. RNW appreciates that there are pros and cons to requiring detailed modeling earlier and believes additional stakeholder vetting is called for in this instance. Additionally, RNW would like to see Bonneville include an evaluation of grid enhancing technologies, which could help the agency avoid major system upgrades, but is not clear where such a request should be made. RNW respectfully urges Bonneville not to wait until after FERC has issued final interconnection reforms to begin considering potential modeling upgrades.

7. Bonneville Should Address How Staffing Issues May Have Impacted the Queue Backlog and Inform Stakeholders About How the Agency is Addressing Them

RNW appreciates the very brief discussion at the Workshop about issues with adequately staffing transmission engineers. While the TC-25 process reforms should help address Bonneville’s current interconnection backlog and study delays, RNW is not convinced that process reforms alone will solve the current interconnection queue problem. At the Workshop, Bonneville shared its estimate that under the status quo process the current backlog

²² Presentation at 107, 114.

²³ *Id.* at 114.

would not be completed until 2037.²⁴ Bonneville has previously shared details about the exponential increase in interconnection requests in recent years.²⁵ At the Workshop, various potential staffing solutions were mentioned: lobbying the delegation for a salary exemption (which RNW is working with NIPPC on), supporting a transmission rate increase during the next Integrated Program Review (“IPR”), etc. RNW asks Bonneville to provide updated estimates indicating when the current backlog will be processed under the multi-phase process the agency is proposing, including how many requests the agency expects to receive over the next five years. Bonneville should be transparent about any staffing challenges it is facing, what is taking Facilities Studies so long to complete, and allow stakeholders to vet potential solutions well in advance of the next IPR.

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RNW appreciates Bonneville’s consideration of these comments and the recommendations contained herein. Nothing contained in these comments constitutes a waiver or relinquishment of any rights or remedies provided by applicable law or under Bonneville’s tariff or otherwise under contract.

Respectfully submitted on behalf of RNW,



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²⁴ *Id.* at 120 (estimating approximately 15 Facilities Studies per year).

²⁵ *See, e.g.*, Bonneville’s March Presentation at 13 (showing the number of requests increasing from 24 to 102 and MWs increasing from 7,320 to 85,833 from 2018 to 2022).