

May 8, 2024

Submitted via E-mail (techforum@bpa.gov)

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

Re: Comments of Savion on Additional Generator Interconnection Reforms
Included in the BP-26 and TC-26 Proceeding

Savion, LLC (“Savion”) strongly recommends the Bonneville Power Administration (“Bonneville”) implement interconnection withdrawal penalties consistent with Federal Energy Regulatory Commission (“FERC”) guidance, much of which was reviewed by Bonneville staff at the BP-26 Rate Case and TC-26 Workshop on April 24, 2024.¹ Savion acknowledges that Bonneville is largely exempt from FERC regulation, and may have unique statutory obligations to consider, but believes Bonneville’s generator interconnection (“GI”) rules should largely adhere to the industry standard reforms set out in Order Nos. 2023 and 2023-A.² One potential deviation Bonneville should explore with stakeholders is whether there should be “penalty free” exit points in either Bonneville’s Transition Cluster Study and the Durable Cluster Study Processes.

1. Bonneville Must Establish Withdrawal Penalty Policies That Encourage Non-Viable Projects to Exit the Queue Voluntarily

Consistent with FERC’s final rules, Savion encourages Bonneville to implement withdrawal policies that:

- 1) Aim to minimize re-studies and cascading withdrawals that are likely to have negative impacts on other interconnection customers;
- 2) Escalate as customers progress through the interconnection process;
- 3) Allow for reasonable exceptions, exemptions; and
- 4) Allocate penalty funds to hold other interconnection customers harmless.

Savion believes the rationale for FERC’s final rules are equally applicable to Bonneville’s GI queue reform and will not repeat any arguments, rationale relied upon by FERC here.

¹ BONNEVILLE POWER ADMINISTRATION, *BP-26 Rate Case and TC-26 Workshop* (April 24, 2024).

² *Improvements to Generator Interconnection Proc. & Agreements*, Order No. 2023, 184 FERC ¶ 61,054 at P 559 (2023); FERC Order No. 2023-A, 186 FERC ¶ 61,199 at P 141 (2024).



2. Bonneville Should Consider Specific Exit Points for “Penalty-Free” Withdrawals Before Network Upgrade Costs, Allocations are Provided

When considering the best way to utilize withdrawal penalties to reach the goals outlined above, Savion notes that FERC’s rules set penalty amounts that are akin to a penalty-free withdrawal before network upgrade costs estimates are allocated. For simplicity, Bonneville should consider applying withdrawal penalties only after the phase one (“P1”) study results.

Under a *pro forma* tariff, if an interconnection request is withdrawn during the initial cluster study or after the initial cluster study report the customer is assessed only the higher of the study deposit or two times the actual study costs. FERC refers to this as a “withdrawal penalty” but this amount is essentially immaterial in the context of a standard large generator. Despite FERC’s unfortunate terminology, the penalty amount before network upgrade estimates are assigned does little more than compensate the transmission provider for the costs of running the study. This is not really a penalty.

Although Savion believes that all commercially viable projects should be backed by escalating amounts that are “at risk”, any such amounts that truly seek to penalize are not appropriate until the interconnection customer has had the opportunity to review the facilities and network upgrade cost estimates associated with their projects. To that end, Savion recommends Bonneville either waive penalties during P1 or at a minimum limit cost exposure to the study deposit amount.

3. Bonneville May Want to Reconsider Deposit Amounts That Are Now “At Risk” as Withdrawal Penalties to Ensure There is Sufficient Security to Give Withdrawal Penalties Meaning

Savion understands that Bonneville is considering implementing withdrawal penalties, which may be based upon deposit amounts established in the TC-25 settlement. Savion also notes, however, that FERC clarified in Order No. 2023-A that withdrawal penalties cannot exceed the amount collected from interconnection customers. To the extent appropriate, Bonneville should review each of the interconnection decision points to ensure:

- 1) Study deposit amounts are set sufficient to recover study costs (and not set higher to help provide security);
- 2) Commercial readiness deposit amounts are set sufficient to demonstrate viability (and not set higher to provide security); and
- 3) Security postings are collected to advance beyond P1 study results where needed to ensure penalties provide sufficient “at-risk” incentives.

Savion appreciates Bonneville’s consideration of these issues and looks forward to working with customers to improve upon the TC-25 settlement with appropriate withdrawal penalty policies.

