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

Re: Comments of Avangrid Renewables, LLC on the Business Practices Proposed to Implement TC-25 Queue Reform Settlement

Avangrid Renewables, LLC (“Avangrid”) submits these comments to the Bonneville Power Administration (“Bonneville”) concerning the six proposed business practice (“BP”) changes required to implement the TC-25 tariff update.¹ Given the magnitude of the impact the new requirements set out in the proposed BPs may have on interconnection customers in only two months, Avangrid greatly appreciates the staff time Bonneville set aside to informally discuss the proposed BPs. The informal discussion on April 2nd (“April 2nd Call”) helped customers better understand Bonneville’s new standards, which is helpful, but also revealed areas where Avangrid believes Bonneville has shifted away from the agreements made in the TC-25 settlement. Acknowledging that time is of the essence, and there is insufficient time for an iterative process with customers before the requisite June 20, 2024, effective date, Avangrid strongly recommends that Bonneville reconsider the following aspects of the proposed BPs to better align with the expectation of parties that participated in the TC-25 settlement negotiations.

1. The Proposed Site Control BP Should Be Revised to Remove Any Doubt About What Documentation Customers Will Be Required to Provide

Avangrid applauds the agency for establishing more robust site control requirements, which is crucial to maintaining a commercially ready queue, but would like to better understand the impact of these new requirements before they go into effect.

¹ Additional details regarding the TC-25 proceeding, whereby Bonneville reformed the agency’s generator interconnection (“GI”) queue from a “first-filed-first served” serial study process to a “first-ready-first-served” cluster study process, including the TC-25 Settlement Agreement, are available at <https://www.bpa.gov/energy-and-services/rate-and-tariff-proceedings/tc-25-tariff-proceeding>; the proposed BPs, including: 1) Transition Process BP, Commercial Readiness BP; 2) Site Control BP; 3) Large Generator Interconnection Procedures Dispute Resolution BP (“LGIP Dispute Resolution BP”); 4) Generation Integration Services BP (“GI Services BP”); and 5) the Large Generator Interconnection BP (“Large GI BP”) are available at <https://www.bpa.gov/energy-and-services/transmission/business-practices/proposed-business-practices>.

The proposed Site Control BP is of particular import because site control will be required to establish eligibility to enter the Transition Cluster in a matter of mere weeks when the Transition Cluster Request Window opens. Moreover, the failure to adequately demonstrate site control could result in a multi-year delay in the processing of a customer's currently pending interconnection request. Given the severity of the potential consequences that could result from misinterpreting the proposed Site Control BP, Avangrid recommends Bonneville providing additional clarity with respect to the following two areas.

a. Bonneville Should Clarify What Exactly is Required When Demonstrating Site Control with an Option to Lease or Purchase

The proposed Site Control BP allows interconnection customers to demonstrate site control with an option to lease or purchase, but the Commercial Operation Date ("COD") requirement should be revised to remove potential ambiguity. Pursuant to section A.3, customers relying upon the option to lease or purchase must either have an option with a term through the latest COD or "the right to extend the term of the option through the project's latest COD." Avangrid assumes BPA intends to allow customers to either extend or exercise their options throughout the GI process, so long as site control is consistently maintained, and therefore suggests section A.3 be revised to clarify "the term *of the option, or the rights secured if the option is exercised*, must extend through the latest COD" or that customers "must have the right to extend the term of the option *or exercised rights* through the projects latest COD."

b. Bonneville Should Confirm that a "Re-Demonstration" Means Nothing More Than Another Demonstration

The proposed Site Control BP requires both an initial site control demonstration and a subsequent site control "re-demonstration" but neither defines the terms nor confirms whether those terms mean the same thing. On the April 2nd Call, Bonneville staff explained the agency's expectation that the exact same site control materials would likely be submitted again during a re-demonstration, but that the agency did not mean to signal that the site control materials must be the exact same.² Avangrid believes that clarity is warranted, given the significance of the timing of the site control demonstration and re-demonstration and the potential consequence associated with a failure to demonstrate site control.

Overall Avangrid believes Bonneville has established the right site control policy, but several provisions in the proposed BP lack clarity that could make the distinction between a designation and re-designation more significant. First, the proposed Site Control BP requires customers notify Bonneville if there is "any change" in the previously provided demonstration of Site Control. This seems overly rigid given the scope of the materials provided and the substantial project development time between site

² See also Transition Process BP at section 1.2 (requiring a commercial readiness "demonstration" and a site control "re-demonstration" to proceed to a facilities study).

control demonstrations.³ Bonneville does not need to review site control afresh every time there is a non-material change, e.g., to the financial terms or modest changes to an access road. Avangrid recommends the BP be revised to say “material change” instead of “any change” and/or to clarify what types of changes are worthy of triggering notice and additional staff review. Next, the proposed BP states that if there is a “material change” in site control, the interconnection customer must “continue to demonstrate fulfillment of the Site Control requirements.”⁴ Avangrid recommends that Bonneville provide more information about how it might determine whether a material change has occurred and/or what might happen after any such determination. Finally, the proposed BP confirms that the “[t]iming of re-demonstration of Site Control will not affect Queue Position.”⁵ This seems reasonable but suggests perhaps the timing of a material change submission and/or determination might affect queue position.

2. The Proposed BPs Introduce the Concept of Closing the GI Queue Between Clusters, Which is Contrary to the Parties’ Expectations During Settlement, Not Necessary to Implement the TC-25 Tariff, and Not Good Policy

Bonneville proposes revisions to effectively close the GI queue between clusters, which diminishes the “tie-breaker” benefit associated with Bonneville’s unique scalable-block concept. Avangrid believes an additional affirmative step that mirrors the request needed to enter the initial transition cluster would be more consistent with the expectations of the parties that negotiated the TC-25 settlement, would provide better incentives to customers and result in better process outcomes for Bonneville staff.

The redlines in section D of the Large Generator Interconnection BP state that interconnection requests will only be accepted during an “open Cluster Request Window,”⁶ and the redlines in section B of the GI Services BP clarify that interconnection requests that are eligible to bypass the cluster study process can move forward anytime whereas requests that are not eligible to bypass the cluster study process must either be submitted during the cluster request window or will be withdrawn from the queue.⁷ On the April 2nd Call, Bonneville staff explained these revisions were intended to effectively close the GI queue between clusters to resolve a “process gap” unintentionally created by the terms of the TC-25 settlement.

³ Site Control BP at section G.

⁴ *Id.*

⁵ *Id.* at section C.

⁶ Large GI BP at section D (“Consistent with Section 4.2.1 of the LGIP, BPA will only accept Large Generator Interconnection Requests during an open Cluster Request Window.”).

⁷ GI Services BP at section B.2.c.vi.2 (“If the Cluster Request Window was not open when the Generator Integration Customer submitted the ineligible Bypass Generator Interconnection Request, then BPA will withdraw the request from the queue. Generator Integration Customer must re-submit a Generator Integration Request when the Cluster Request Window is open, consistent with Section 4.2.1 of the LGIP.”).

Pursuant to section 2 of the Settlement Agreement, Bonneville committed to use reasonable efforts to conduct its Cluster Study Process on a three-year cadence, but with discretion to begin a new Cluster Study sooner so long as the agency provides customers no less than 180-day notice. Because Bonneville agreed to only accept Interconnection requests for a new Cluster Study process during a Cluster Request Window that includes its own timing requirements, Bonneville staff unilaterally decided that it would not assign a queue position for interconnection requests received outside a Cluster Request Window.

What ultimately resulted in a three-year cadence cycle for Bonneville's reformed cluster study process was of particular interest to customers and thoroughly debated throughout the TC-25 proceeding, yet as Bonneville staff explained on the April 2nd Call, the potential for a queue closure between clusters was never addressed. The closure will slow down an already sluggish cadence, is not required by the TC-25 tariff, and is not necessary to address the process issue identified by Bonneville staff. Instead of closing the queue, Bonneville could accept interconnection requests on a continuous, ongoing basis, assigning a tentative queue position, and then clean out the queue at the close of the request window if the customer failed to request inclusion and/or establish eligibility to participate in the cluster.

The scalable-blocks, which are unique to Bonneville's queue reform, preserves some aspects of queue priority that can provide meaningful benefits to interconnection customers during the cluster study process. By closing the queue between cluster windows, Bonneville limits the availability of this benefit and in turn exacerbates the significance of how each interconnection request is processed and verified during the request window. Bonneville should incentivize customers to submit interconnection requests early, as opposed to only during the cluster request window, to minimize and deescalate demands on staff time during the cluster request window. If customers were allowed to submit interconnection requests at any time, they would obtain a queue position that could provide meaningful benefits (up to three years later) when the next cluster window is opened.

3. The Proposed BPs Introduce Two Material Changes to Commercial Readiness That Will Make the Process Proportionately More Expensive

Bonneville's unexpected clarifications about its commercial readiness requirements unnecessarily hamper the flexibility customers negotiated for during the TC-25 settlement, which will result in larger cash deposits than would otherwise be required. Avangrid highlights three areas of the proposed Commercial Readiness BP that Bonneville should consider revising to reinstate the flexibility provided for in the terms of the settlement agreement.

a. Bonneville Staff Should Review Multiple Non-Financial Commercial Readiness Criteria for Reasonableness

The settlement agreement sets out seven commercial readiness demonstration alternatives (six non-financial demonstrations plus a cash-deposit option) that can be combined to reach the full amount

whereas the Commercial Readiness BP limits that combination to only one non-financial demonstration and one financial. The settlement simply states that “Bonneville will accept any of the [seven] Commercial Readiness Demonstrations” so long as they “amount to 100% of the requested Interconnection Service Level.”⁸ However, pursuant to the Commercial Readiness BP, if a (single) non-financial demonstration is made for less than the full amount, then a financial deposit is required for the full remaining amount. This change in course is not overtly obvious from the language in the Commercial Readiness BP,⁹ but Bonneville staff walked through mathematical examples during the April 2nd Call.

As Bonneville explained, this new limit was put in place to prevent customers from double-counting non-financial demonstrations, e.g., submit an executed term sheet for 100 MW and a site-specific purchase order for the other 100 MW of a request for 200 MW of interconnection service. To the extent this is a worthy implementation goal, it should be obtained in another way because the proposed BP also limits what clearly would not be instances of double counting, e.g., an executed term sheet for 100 MW (with counterparty A) and active negotiations for 100 MW (with counterparty B). By limiting the commercial readiness demonstration to only one non-financial option, Bonneville is effectively ensuring a larger proportion of financial deposits is received. Reasonable minds may differ as to whether that is a laudable goal, but nevertheless it is a significant departure from the settlement that was not openly discussed or negotiated by the parties. Avangrid recommends Bonneville eliminate this requirement, revise the BP to clarify that multiple non-financial commercial readiness demonstrations are permitted, and revisit the need for a limit in the TC-26 proceeding.

b. Bonneville Staff Should Review Reasonable Evidence of Transmission Service Reservation (or Comparable Evidence) for the Generating Facility

The second area where flexibility has been hampered pertains to the ability of customers to demonstrate commercial readiness with reasonable evidence of transmission service for the interconnecting generating facility. In the settlement, Bonneville agreed to accept “reasonable evidence of transmission service reservation (or comparable evidence)” and to “evaluate individual facts and circumstances of reasonable evidence of transmission service ... such as” a confirmed long-term firm transmission service reservation or redirect, designation of a network resources, or a “service offer that would be confirmed following a secured transmission expansion project that has been securitized”.¹⁰

⁸ TC-25 Settlement Agreement at section 2.r

⁹ Commercial Readiness BP at section A.3 (“If Interconnection Customer submits evidence of a Commercial Readiness Milestone Option that is less than the full MW of the Interconnection Request, a percentage of the Commercial Readiness Deposit must be submitted” and “[t]he required percentage of the Commercial Readiness Deposit can be identified by dividing the remaining MW by the total MW of the Interconnection Request.”).

¹⁰ TC-25 Settlement Agreement at section 2.r.vi (“Documentation from the Interconnection Customer of reasonable evidence of transmission service reservation (or comparable evidence) for the Generating Facility. Bonneville in its sole discretion may evaluate individual facts and circumstances of reasonable evidence of transmission service that originates from the Point of Interconnection, such as: a confirmed Long-Term firm transmission service reservation, confirmed Long-Term conditional firm transmission service reservation with roll over rights, Designation of a Network Resource, a long term

The Commercial Readiness BP is much more prescriptive, replacing the “may evaluate” and “such as” language with “must include” requirements and completely removing the “or comparable evidence” proviso.¹¹

There can be little doubt that established transmission service is a good indicia of a project’s commercial readiness—which is why it is often a requirement for bidding into a utility’s request for proposals (“RFP”). Avangrid acknowledges, however, that the realities of how transmission service is awarded and used on Bonneville’s transmission system is not easy to succinctly describe—which is also why transmission is often a controversial requirement in utility RFPs. Rather than get into the weeds of identifying all the situations that could conceivably constitute reasonable evidence of transmission service, Bonneville agreed to accept documentation of reasonable evidence of transmission service without limit and provide staff discretion to evaluate the individual facts and circumstances provided to determine whether it was sufficient. The proposed BP deviates significantly, and meaningfully, from that commitment. In TC-25, Avangrid negotiated in good faith for parity between customer groups when considering the different alternatives available for a non-financial demonstration and expected the BPs to adhere more closely to the settlement terms. Avangrid asks that the BP be revised to include the non-exclusive “such as” list with the ability for staff to review for reasonableness.

4. Bonneville Should Clarify How the Dispute Resolution BP Interacts with the LGIP Cure Provisions

Avangrid understands that all of the dispute resolution provisions from the tariff remain available to interconnection customers, but is less clear as to how the dispute resolution provisions proposed in the LGIP Dispute Resolution Process BP are intended to interact with those tariff provisions.

For example, if an interconnection customer wants to initiate a dispute under the proposed BP, there appears to be a tight deadline to do so¹² and an informal process with the customer’s account executive (“AE”)¹³ that could eventually evolve into a more formal dispute process under the tariff.¹⁴ Absent invoking the tariff process, however, the proposed BP process does not appear to add much

confirmed redirect, or a Long-Term firm transmission service offer that will be confirmed following a transmission expansion project that has been securitized”).

¹¹ Commercial Readiness BP at section A.f. (“Reasonable evidence of transmission service reservation for the Generating Facility ... must include: (i) Point of Receipt that matches the Interconnection Request’s POI; and (ii) AREF number for a CONFIRMED Transmission Service Reservation (TSR)” and “A Forecasted TSR (FTSR) is not reasonable evidence of transmission service.”).

¹² LGIP Dispute Resolution Process BP at section A (“Interconnection Customer must initiate a dispute or claim within 15 Business Days of the action leading to the initiation of the dispute.”).

¹³ *Id.* (“To initiate a dispute ... Interconnection Customer must send its assigned Transmission Account Executive an email”).

¹⁴ *Id.* at section B (acknowledging customers may seek to make use of the dispute resolution process under the tariff).

value to customers worried about being left out of the cluster study process. Assuming customers can always reach out to their AEs informally, the most meaningful portion of the proposal appears to be for the agency to “endeavor” to evaluate and resolve an interconnection dispute within 30 days. More significantly, however, this BP confirms that the ultimate restoration of an erroneously withdrawn interconnection request does not guarantee it will be returned to its original cluster if Bonneville determines restoring the queue position would delay the current cluster study process.¹⁵ Given the harsh reality of such a result, Avangrid recommends that Bonneville revise the proposed BP to clarify when and how the two processes work together, or identify situations where customers may be better served to invoke the tariff process immediately.

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Avangrid 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.

¹⁵ *Id.* at section C.