



**Comments of the  
Northwest Independent Power Producers Coalition  
BPA TBL Programs in Review  
September 7, 2006**

The Northwest Independent Power Producers Coalition (NIPPC) is pleased to submit the following comments to the Bonneville Power Administration Transmission Business Line regarding its Programs in Review.

Overall, NIPPC is encouraged by the current approach that Bonneville's Transmission Business Line (TBL) has taken in managing its budget and forecasted programming for the rate period 2008 – 2009. We are especially impressed with the robustness of TBL's current levels of reserves and the Coalition sincerely hopes that it will be possible to move forward without increasing transmission rates.

Given the robustness of the reserves and the timeliness of pursuing constructive solutions to prevailing congestion along many transmission paths, NIPPC offers the following comments.

The Coalition notes with interest the modest nature of BPA's planned infrastructure investment for the upcoming rate period. While NIPPC recognizes the merit of exhausting alternatives to infrastructure construction before embarking on it, we believe that the long standing requests for firm transmission, particularly on the interties, justifies a more aggressive effort by BPA to lead efforts at enhancing the carrying capacity of the regional grid.

NIPPC sincerely regrets the demise of Grid West and with it the budding confidence among control areas and generators to equitably share the costs of needed investment.

NIPPC supports the pilot reliability redispatch for the summer of 2007. We expect that in addition to demonstrating the efficacy of re-dispatching federal and non-federal generators for reliability purposes, the pilot will confirm what those closest to the operation of the transmission system have long recognized, that *commercial* redispatch is a more effective and economical method for relieving congestion than the use of curtailment calculators or cutting the interties to California.

We recommend that Bonneville budget for approximately \$10 million a year to modestly fund settlements in re-dispatching for reliability purposes and in laying the groundwork for its introduction as a commercial option.

(Notwithstanding the good faith efforts of its participants, NIPPC does not expect that Columbia Grid will prove itself capable of delivering this service to the region by the end of the 2008 –2009 rate period.)

While redispatch represents a constructive solution to congestion, the Coalition continues to be concerned with the economic impacts of curtailment on operating independent power producers (IPP) generating units. The experience of the summer of 2005 was a painful episode that afflicted considerable economic burden on IPP generators along the I-5 corridor. While NIPPC hopes that the use of curtailment calculators will abide as the redispatch option takes hold, we recommend that BPA budget sufficiently to compensate generators for the lost income and ensuing economic damages incurred from curtailing schedules. The Coalition estimates that as much as \$20 million a year may be needed if curtailment calculators are re-activated during the summers of 2008 and 2009.

NIPPC supports the continued efforts of the Non-Wires Roundtable and Bonneville's efforts to "think outside the box" in this general category.

We recommend that Bonneville convene a task force including BPA staff and representatives of the IPP community to first, learn from the experience of the John Day/McNary Open Season and, second, craft a contractual template that would attract participation by generators and create interest among Transcos in financing for new infrastructure investment on the BPA system.

Finally, NIPPC continues to oppose Bonneville's stated efforts to "extinguish" the at cost generator-supplied reactive (GSR) power tariff. The TBL's intention to reimburse the PBL for synchronous condensers' supply of reactive while continuing to pursue the termination of GSR is unacceptable.