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Submitted via email to refredrickson@bpa.gov

RE: NRU Comments on BPA Southern Intertie Hourly Non-Firm Transmission Draft White Paper Background and Context Descriptions

Northwest Requirements Utilities (NRU) appreciates the opportunity to submit comments on BPA's November 17th draft "Regional White Paper Presentation and Analysis of Southern Intertie Hourly Non-Firm Alternatives" [document](#). As requested at the November 18th meeting, these comments only address the draft White Paper's background and context and alternative descriptions. As representatives of 54 Load Following and NT customers of BPA, we have a significant interest in ensuring that BPA preserves the value of the Southern Intertie.

Overall, the draft White Paper seems to adequately describe the background and context of this issue. However, we offer the following suggestions to refine the paper.

The Focus of this Process Should Be on Protecting BPA Transmission's Financial Investment In Its Ownership on the Southern Intertie

The issue BPA Transmission should be addressing in this process is an assurance that its investments in the Southern Intertie are protected and it is able to recoup the full value of its ownership rights on the Southern Intertie. Differing business practices of adjacent balancing authority areas have created seams issues, as the White Paper nicely articulates. The Introduction and Background sections should set up the White Paper to discuss how BPA Transmission can recover its financial investment in the Southern Intertie, as required by sound business and rate making principles. Usage of the system has changed since BPA Transmission adopted its current rate design. Given these changes, it is prudent from a financial recovery perspective that BPA Transmission reassesses usage of the system and impacts from changes in market conditions and transmission practices of adjacent balancing authority areas. As a result of this examination, BPA Transmission will potentially need to modify its rate and/or non-rate practices to ensure BPA Transmission's investment in the Southern Intertie is fully recouped, both from a financial (rates) perspective and a usage/priority perspective.

BPA Power Services Should Be Actively Involved In Process

As we delineated above, this White Paper should be clearly written from the perspective of BPA Transmission Services and protecting its interests in ensuring its investment are fully recouped and customers are receiving the value of the services for which they are paying.

However, it is equally important that BPA Power Services is an active participant in this process as it holds long-term rights on the Southern Intertie and provides remarketing services on behalf of its Non-Slice customers to maximize the value of surplus from the federal system. Load Following customers rely solely on BPA Power Services to diligently and effectively remarket surplus power on their behalf. Load Following customers themselves do not have a trading floor to maximize value from their share of the federal system; instead, they purchase this service from BPA Power Services. Because use of the Southern Intertie impacts BPA Power Services remarketing and the value it is able to extract from surplus power, it is vital that it is an active participant in this process. BPA Power Services, on behalf of its Non-Slice customers, has the fiduciary responsibility to ensure it is able to extract maximum value from surplus sales. This includes ensuring curtailment priority on the Southern Intertie is appropriately implemented, as BPA Power Services is paying a premium for its firm, long-term rights on the Southern Intertie.

Prioritization of the Alternatives

We appreciate BPA's effort to include a diverse mix of both rate and non-rate alternatives. Given the compressed timeframe, we encourage BPA to work with its customers to prioritize which of the thirteen alternatives should receive the most in-depth and robust analysis and consideration.

We will continue to be involved in this process and will submit feedback accordingly.

Respectfully,

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