

BPA Transmission Update to the Northwest Power and Conservation Council

January 2014

Presented by Bob King
Transmission Strategy & Policy



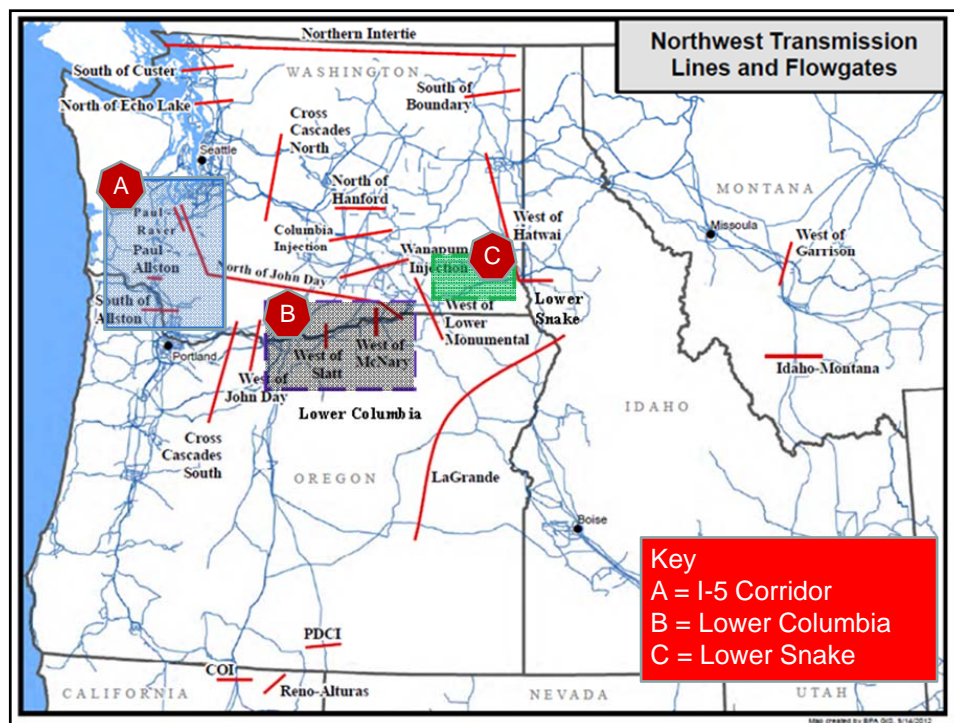
Agenda

- [Transmission Planning Considerations](#)
- [2013 Network Open Season](#)
- [BP-16 Rate Case Update](#)

Transmission Planning Considerations

- Transmission permitting and construction takes longer than generation (often 10+ years for a new 500 kV line)
- Where are the renewables going and what resources will they displace?
- How to take advantage of resource diversity (wind vs. solar, wind in different locations)?
- Most of the regional load is west of the Cascades, but higher quality wind and solar resource potential are east of the Cascades
- Demand for NW exports to California is uncertain due to policy changes and preference for local resources
- BPA and the region's transmission expansion models (such as Network Open Season) should be aligned with the IRP and RFP cycle

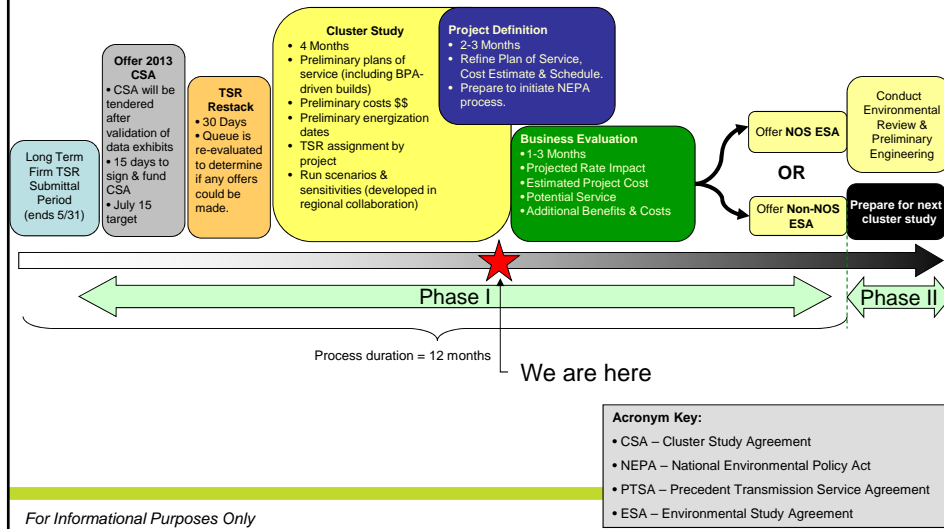
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Transmission For Renewables

- Recent BPA transmission upgrades provide increased capacity west out of the Lower Snake and Lower Columbia areas to accommodate planned generation projects
 - McNary – John Day (in service), Big Eddy – Knight (est. 2014), and Central Ferry – Lower Monumental (est. 2015)
 - Central Ferry substation in the Lower Snake area has significant capacity to handle additional interconnections beyond what is in service or under construction
 - Most existing interconnection stations in the Lower Columbia area are full, so new interconnection stations would likely be required for additional large generation projects

2013 Network Open Season Process Map and Timeline



NOS Process Update

- BPA received 18 executed and funded Cluster Study Agreements for 3,473 MW
 - 7,820 MW of Transmission Service Requests (TSRs) were originally considered for the 2013 Cluster Study of which BPA tendered 21 Cluster Study Agreements (1 per customer) for 5,965 MW
- On December 30, 2013, BPA announced the need to extend the Cluster Study by an additional 120 days to deal with a unique set of issues associated with responding to the TSRs in the Cluster Study
- BPA will hold a customer meeting on January 15, 2014 to present preliminary results of the Cluster Study and discuss the issues being addressed in the extension

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BP-16 Rates Update

- **Network** transmission rates are expected to increase about **9.7%** in the next rate period
- **Southern Intertie** rates are expected to increase about **14%**
 - **These are very preliminary estimates that could change significantly**
- **Segmentation:** In the last rate case, some customers questioned the inclusion of lower voltage facilities in the Network segment. BPA committed to a public process to review its segmentation policy.
 - BPA is looking at current industry practices and will address questions about regional equities

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Generation Inputs

- BPA is currently working to:
 1. Reduce **station control error** typically associated with variable resources
 2. More efficiently **use capacity available** in the region
- BPA will work to improve the efficiency of integrating renewables to lower the cost of resource integration in a way that does not place undue costs on others
- Additional wind integration will create additional capacity needs which may require additional capital investment

Oversupply

- In November 2012, Bonneville began a rate case to allocate costs incurred under the protocol
- Proposals in the rate case ranged from allocating costs across all transmission users (by public power) to allocating all costs to power rates (by IOUs, wind generators and power marketers)
- BPA will file a draft record of decision (ROD) on February 13, 2014
- The final ROD will be completed on March 27, 2014