



Bonneville Power Administration Issues

September 2015

As consumer-owned utilities that have preference to federal power, most members of PPC buy much or all of their power from the Bonneville Power Administration (BPA) as well as using the Bonneville transmission system to deliver that power. Issues impacting the agency weigh heavily on these utilities, their consumers, and their ability to enable job creation throughout Washington, Oregon, Idaho, Montana, and parts of adjacent states.

BPA Mission

- BPA plays an integral role in the economic vitality of the Pacific Northwest.
- By law, the agency's first mission is to deliver – at cost – the clean, renewable hydropower that is generated at federal dams to the region's not for profit, consumer-owned electric utilities.
- BPA maintains the reliability of the electric grid and, within its statutory authority, helps advance deployment of energy efficiency and renewable generation, helps keep rates affordable for residential and small farm customers of the region's investor-owned utilities, and protects regional fish and wildlife resources.

BPA Budgets and Rates

- For most consumer-owned utilities served by BPA, the agency's charges constitute a majority of the cost of operating their utilities. Increases in BPA rates affect the pocketbooks of residents and the vitality of businesses.
- BPA recently announced a 7.1% average increase to power rates and a 4.4% average increase for transmission rates. This is on top of a 9% increase for power and 11% increase for transmission imposed for the last two-year rate cycle.
- Maintaining affordable rates is critical for the region, and it is also imperative that BPA plan for needed capital investments to maintain the reliability of its generation and transmission infrastructure. By continuing and expanding on recent budget prioritization efforts, we are looking for BPA to meet the dual goals of rate stability and infrastructure investment.

Energy Balancing

- The rise of intermittent renewable resources in the region – with BPA integrating more than 4,500 MW of wind generation – has prompted examination of various mechanisms that could be used to integrate these intermittent resources and efficiently share balancing reserves.

- The Northwest Power Pool has initiated a multi-step process to evaluate bilateral and market-based tools.
- Considerable effort has been focused on developing a voluntary, market-based mechanism, known now as Centrally Cleared Energy Dispatch (CCED), as one potential tool.
- PPC is trying to ensure that the review process is both measured and thorough, and believes the adoption of any market-based mechanism should reflect that:
 - The economic benefits outweigh the costs;
 - Regional independence is preserved and the effort does not cause expanded FERC jurisdiction over BPA or public power activities;
 - The scope of the effort is narrowly drawn, and does not prompt “mission creep” or expansion to a full Regional Transmission Organization (RTO); and
 - Non-market mechanisms for various purposes – including bilateral agreements – remain effective options in the region.

Impact of Climate Policy on BPA

- Although BPA does not operate sources that will be subject to EPA’s proposed “Clean Power Plan,” PPC is on the lookout for potential impacts and unintended consequences:
 - Any shift in generation could lead to greater demand placed on BPA’s transmission system. It is essential that BPA’s primary mission of delivering power from the FCRPS remains unimpeded and that direct beneficiaries pay for the use of the BPA transmission system.
 - Reliability of the electric grid is of paramount importance. Given the interconnected nature of the grid, even utilities without affected power plants can face reliability impacts. It is essential that any new regulations afford sufficient time to make needed infrastructure investments (new power plants, transmission lines, natural gas pipelines, etc.) so that reliability isn’t impaired.
- The recent Council on Environmental Quality (CEQ) policy update directing federal agencies to consider the climate impact of their actions is a timely reminder that proposed changes to the output, operations and timing of the FCRPS – such as increased fish spill – can have a negative impact on climate change given that the carbon-free profile of the FCRPS generation would have to be replaced by other sources.
