



## Department of Energy

Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208-3621

PLANNING AND GOVERNANCE

December 7, 2006

In reply refer to: GR-3

ColumbiaGrid Board of Directors  
Lloyd Meyers  
Shelly Richardson  
Ed Sienkiewicz

Dear Directors:

The Bonneville Power Administration (BPA) appreciates the opportunity to respond to your call for comments on the proposed Planning and Expansion Functional Agreement. Our comments are based on our internal analysis of the proposed Agreement as well as the comments we received during our public comment period.

BPA believes that the proposed Agreement will allow the region to move forward with its goal of one-utility planning. The Agreement's provision of planning services, as administered by an independent entity, should significantly enhance multi-party transmission planning in the region. Similarly, the Agreement's provisions for open processes and transparency of information should contribute to robust transmission solutions. Finally, we believe key features will facilitate much needed transmission construction. In addition to ColumbiaGrid's independence, openness and transparency, these features include the Agreement's cost allocation mechanisms and a process for involving the Federal Energy Regulatory Commission, where appropriate, to help assure that reliability-related projects are built,

Those who submitted comments to BPA on its potential participation in the Functional Agreement were similarly supportive of the proposal. Commenters fell into two categories – those who expressed support without any suggested changes (Grant County PUD, Snohomish County PUD, Tacoma Power, Seattle City Light) and those who expressed support and suggested improvements (Public Power Council, Pacific Northwest Generating Cooperative, Affiliated Tribes of Northwest Indians, Renewable Northwest Project/Northwest Energy Coalition/Tom Foley and the Washington Utilities and Transportation Commission). A matrix summarizing changes suggested by our commenters and BPA's responses is attached.

One recurring theme in these comments was the need to be vigilant in encouraging transparency of information in the planning process. BPA agrees that transparency is essential to ensuring effective participation in the planning process – and ultimately effective plans. We will look for opportunities to reinforce transparent processes and encourage ColumbiaGrid to do the same as we move forward.

Another recurring theme was the need to garner broad participation in this Agreement, especially among transmission owners. BPA agrees that broad participation is of the utmost importance. Greater participation will significantly improve the benefits that this Agreement can provide to the region. We will continue our efforts to involve other regional entities, especially transmission owners, in this process and will support every effort by ColumbiaGrid to do the same.

In conclusion, we would like to convey to you BPA's support for ColumbiaGrid's Planning and Expansion Functional Agreement. BPA expects to vote in favor of the ColumbiaGrid Board offering the proposed or a substantially similar Agreement. We intend to participate in a final review session to hone the Agreement in response to comments received by BPA and ColumbiaGrid. We look forward to ColumbiaGrid providing important transmission planning services to the region.

Sincerely,

*/s/ Sydney D. Berwager*

Sydney D. Berwager  
Director, Industry Restructuring

Attachment:

Planning and Expansion Agreement Comment Results: Requests for BPA Action

**Planning and Expansion Agreement Comment Results: Requests for BPA Action\***

\* These are drawn from comments made to BPA in response to its request for comments on whether it should sign the ColumbiaGrid Planning and Expansion Functional Agreement

<b>Commenter</b>	<b>Suggestion</b>	<b>BPA Response</b>
Affiliated Tribes of Northwest Indians	"(W)e encourage Bonneville not to sign a Functional Agreement without making best efforts to work with other regional entities who have not been involved in this process to date"	We agree that increasing participation in the agreement is essential. We are making significant efforts to garner such participation through talks with other utilities. We are aware that ColumbiaGrid is also reaching out to utilities and regulators and we encourage them to continue.
Affiliated Tribes of Northwest Indians	The Functional Agreement should also be amended where necessary to make sure that the planning process is consistent with state integrated resource planning (IRP) requirements	We agree that integrating state resource planning requirements into ColumbiaGrid (CG) plans is very important. CG outreach to state commissioners is already underway. It is anticipated that plans born of state IRPs would be included in biennial plans. The Agreement's existing "Plan Updates" would likely be triggered by IRPs that are developed after a CG planning cycle starts. We believe that CG should consider clarifying this process in the agreement.
Pacific NW Generating Cooperative	"we hope that BPA will work to clarify the enforceability aspects of offering Facilities Agreements to non-participants of ColumbiaGrid"	The Facilities Agreements are equally enforceable to both participants and non-participants.
Public Power Council	Ensure information transparency - "ColumbiaGrid should release as much information as possible as early as possible without jeopardizing the integrity of the process or the sensitive interests of parties providing the information."	We agree that information transparency is critical to the success of regional planning. We will be vigilant in encouraging ColumbiaGrid and parties to the functional agreement to share as much information as possible as soon as possible.
Public Power Council	Ensure information transparency - allow third parties to sign confidentiality agreements	We agree that third party access to information is important. The ability for third parties to sign confidentiality agreements is already provided for in the agreement - see Section 4.6.
Public Power Council	Ensure information transparency - include PPC in developing solutions (both at BPA and CG)	We agree that information transparency is critical to the success of regional planning. PPC can participate in the CG process specified in Section 4.6 to develop policies for handling sensitive information.
Renewables Coalition (Renewable NW Project, NW Energy Coalition, Tom Foley)	With the potential for multiple Study Teams focused on disparate sections of the grid, it will be very difficult to assure that "one utility planning" will be achieved, even among the systems of the Parties to the agreement.	While we know that the task will be challenging, ColumbiaGrid's job is to coordinate the effort of the various study teams as specified in Section 5.1 of the appendix and in Recital C. This is a fundamental role for CG staff.

Renewables Coalition (RNP, NWECC, Foley)	Both Bonneville and ColumbiaGrid should make it a priority to reach out to utilities that are not ColumbiaGrid members and to make accommodations in the functional agreement where appropriate to encourage their participation.	We agree that increasing participation in the agreement is essential. We are making significant efforts to garner such participation through talks with other utilities. We are aware that ColumbiaGrid is also reaching out to utilities and regulators and we encourage them to continue.
Renewables Coalition (RNP, NWECC, Foley)	We strongly urge ColumbiaGrid to make it a near-term priority to offer and to sign all TOPPS to a functional agreement that will ultimately lead to a single queue for transmission services.	We also feel that the single queue is a priority and we are pursuing it through development of the Common OASIS Functional Agreement.
Renewables Coalition (RNP, NWECC, Foley)	A concerted effort to provide outreach and educational forums to potential providers of non-transmission alternatives should be undertaken. It may not be necessary that ColumbiaGrid provide these forums, but it should lobby strongly for their existence. Bonneville should take a leadership role in making this happen.	BPA thinks this is an excellent suggestion and we will use our Non-wires Roundtable as the basis for an outreach and education effort. We will further address our response to this request in our ROD should we sign the FA.
Renewables Coalition (RNP, NWECC, Foley)	We "encourage both and ColumbiaGrid to be in dialog with FERC about whether the proposed transmission planning functional agreement will meet this requirement if changes in the OATT are implemented."	We agree that FERC recognition of ColumbiaGrid as a regional planning entity would be helpful. The ColumbiaGrid Board is visiting FERC in D.C. during the week of December 4. We will encourage ColumbiaGrid to pursue such recognition.
Renewables Coalition (RNP, NWECC, Foley)	"ColumbiaGrid should work to ensure that efforts among these (other planning) forums are coordinated and not duplicative"	We agree that planning coordination at ColumbiaGrid seems and avoidance of duplication is very important. Section 3(iv) addresses this issue.
Washington Utilities and Transportation Commission	We recommend that ColumbiaGrid set an aggressive schedule for the first plan and target completion within 24 months	We support the importance of prompt development of the first plan and will discuss with ColumbiaGrid parties.
Washington Utilities and Transportation Commission	Both the draft and the final adopted biennial plans should include a section discussing the status of projects identified in the preceding plan.	We agree that this is an important aspect of the Biennial Plan. This was definitely our intent in developing the planning process. We will advocate for making this clearer in the Agreement.
Washington Utilities and Transportation Commission	In Section 4.3, specify that the "state" representatives to be notified of the formation of a Study Team should include agencies responsible for facility siting, utility regulation and general energy policy	We agree that those agencies should be involved. We will discuss clarifications to the FA with the ColumbiaGrid parties.
Washington Utilities and Transportation Commission	Common queue protocols should be completed "perhaps within 24 months of the effective date"	We are pursuing the common queue through development of a Common OASIS functional agreement.
Washington Utilities and Transportation Commission	We could find no definition of that (WIS) acronym or agreement in the document	This definition is in section 1.2 under "Agreement Limiting Liability Among Western Interconnected Systems". We will request adding another reference directly under "WIS".
The full set of comments to BPA can be viewed at: <a href="http://www.bpa.gov/corporate/public_affairs/Comment_Listings/ColumbiaGrid/">http://www.bpa.gov/corporate/public_affairs/Comment_Listings/ColumbiaGrid/</a> .		