

Bonneville Power Administration's Regional Dialogue proposal

NW Energy Coalition – August 9, 2006

Meeting future needs

The 1980 Northwest Power Act makes Bonneville responsible for meeting regional load growth. Transferring that responsibility to individual utilities is a dangerous gamble. The region can end up with too many or too few resources – each outcome costing ratepayers dearly – and quite likely with the wrong resources.

If BPA and its customer utilities go forward with this risky deregulation scheme, utilities must commit to meeting additional needs the way Bonneville would be required to, first with energy efficiency and second with cost-competitive renewable energy. That commitment must be written into each utility's power-purchase contract with BPA as the *quid pro quo* for the great deal of 20 years of enough very low cost federal power to meet current needs.

We've seen that deregulation schemes such as BPA is proposing have resulted in dangerous and costly boom and bust cycles of resource development. BPA's contracts need to have enforceable *resource adequacy standards* to prevent that happening in our region.

For those customers who choose to have Bonneville get the power they'll need to meet growing demands, BPA should offer **only** an all-conservation and renewables package of resources. The Regional Dialogue document provides no clear definition of this "Tier 2" product, but Bonneville must obey the Northwest Power Act by prioritizing renewables and conservation to meet regional load growth.

Energy efficiency

Bonneville should be commended for pledging to get what it considers "its share" of the regional conservation goal set out in the Northwest Power and Conservation Council's 5th Power Plan. But BPA's definition of its share is flawed. To really help protect consumers and minimize the risks associated with the new allocation system, Bonneville should commit to helping its customer utilities acquire ALL the cost-effective energy savings in their communities.

BPA should exact a specific commitment from each utility that buys low-cost federal hydropower that they will meet the goal of achieving ALL the available cost-saving energy efficiency in its service territory.

Bonneville is right to roll conservation costs into Tier 1 rates. This is an important commitment and a significant improvement over the deep cuts to the efficiency program in the mid-1990s.

Bonneville's first draft of its proposal would have actually penalized utilities with aggressive energy efficiency programs by reducing their allocation of cheap Tier 1 power when they did conservation. Eliminating this provision means that utilities actually have an incentive to do as much conservation as they can. We support this change.

BPA has shown great foresight in supporting the efforts of the Northwest Energy Efficiency Alliance. Good news here is that BPA says it will continue that support.

Renewable energy

BPA should be commended for committing to meet its share -- about 100 megawatts a year -- of the growth in renewables identified in the 5th Power Plan and for assigning renewable energy costs to Tier 1.

BPA has shown some commitment to this goal by allocating *up to* \$21 million a year to helping develop new renewables, but having a *cap* seriously compromises its commitment to meeting the Council's renewables target. Out of a \$2.6 billion budget, BPA's commitment to renewables is very modest.

Bonneville's renewables proposal also falls drastically short by providing no certainty about its long-term integration products for renewables. The agency still refuses to make such products available -- at any price -- for customers other than consumer-owned utilities. Bonneville must correct these serious flaws, which undermine its role in providing for Northwest power needs at affordable costs.

Bonneville should acquire some renewable power prior to development of any Tier 2 product in order to secure the best sites for renewables generation. Sadly, BPA says it will wait until the last minute, allowing the best resources to be taken by California. With this approach BPA is putting at risk its ability to provide a reasonable renewable product to its customers.

Salmon recovery

Once again, Bonneville is attempting to drive a wedge between advocates of renewable energy and those trying to avert the extinction of wild Columbia Basin salmon and steelhead, by claiming that running the hydro system to help fish makes it harder to integrate more wind power into the grid. Renewables development must not be held hostage to fish, or vice versa.

Bonneville must stop suggesting it can't offer sufficient wind firming services because fish-survival programs limit the system's capacity. After all, Texas has been able to incorporate a lot more windpower than we have without *any* hydro power in its system. If Texas can do it at a reasonable cost, we can too.

If Bonneville is truly spilling too much water over dams to answer Northwest residents' needs for clean power AND abundant wild salmon stocks, it should advocate for real solutions to salmon restoration – including removal of the four lower Snake River dams and replacing the power with cost-effective clean energy.

For more information, contact the NW Energy Coalition at (206) 621-0094
