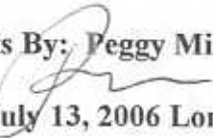


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October 27, 2006

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

Comments By:  Peggy Miller, Highland Winds, High Ground Communities, Missoula, Montana
Re: The July 13, 2006 Long-Term Regional Dialogue Policy Proposal

Thank you for considering these comments. I am Peggy Miller, Principal of Highland Winds and current coordinator of High Ground Communities (HGC). HGC is a start up project that, due to foreseeable elimination of oil supplies and concerns about global warming, seeks to encourage towns and cities to reduce carbon emissions and become sustainable in their lifestyles. Currently HGC is working with Missoula citizens and civic officials towards getting off the oil/petroleum system by substituting renewables, conservation, and bringing food production close to home.

The newly formed BPA structure will impact, either positively or negatively, renewable energy production and use of sound conservation measures. Though western Montana has not been as large a client of BPA, historically, as the other participating states, still, the method by which BPA chooses to encourage the rapid employment of renewables and conservation throughout the area impacts how rapidly the Missoula area will shift to producing renewable energy and using advanced conservation systems. Since area wide renewable energy producers could potentially sell their extra capacity to BPA customers, how that system is structured is critically important.

Furthermore, since western Montana is highly dependent on the production of goods and services coming out of the entire region, the ability of such producers to continue such production and delivery of their goods and services at an affordable price is contingent on having access to affordable supplies of power in the future. Ensuring that these power sources are environmentally protective is also in the region's best interest. For this reason, I contribute comments today.

I. Overall Structure:

It is not clear that shifting so much of the burden to BPA's clients for locating future power production supply, as the proposal postulates, will foster renewables and conservation, and in fact, since that search is left so open ended, it could easily encourage a frantic search for any type of power, including carbon emitting coal use.

Just as the government once, and continues to, stimulated the birth of an oil economy by providing massive federal and state support for the research, development, and infrastructure construction required to support that system, it should now do the same for renewables and conservation deployment. This new BPA system has the ability to provide such support if it, with Congressional backing, chooses. The following full list of recommendations states how this could occur.

I will not comment further except to say that the *positive* result of this proposed system could be that local governments, local public utility providers, working with local industries, might seize the opportunity by aggressively stimulating production of renewables and conservation, if BPA does its part..

Recommendations:

To encourage the best use of this new structure, BPA should sponsor bi-monthly workshops in the first year, and then annual ones thereafter for ten years, that would educate local governments, public utilities, and industry on the best possible ways to encourage renewable energy production and use of strong conservation methods on the local level.

Such education should address the financing methods available for such production. BPA should also provide grants to local entities to cover the difference in initial costs of starting up renewable energy and conservation systems to offset current energy costs of other non-renewable system deployment.

II. Conservation:

BPA has included a variety of methods to encourage conservation within its Tier One system for Public Utilities but the structure used appears to almost cap the levels of conservation results that can be included within the Tier One structure to offset the total load allowed under Tier One. On page 15 of the report, BPA calculates that conservation measures would amount to 200 aMW, implying a cap, though not a clear one.

Furthermore, the term conservation is not clearly defined, and should be broadly, and clearly defined. In addition, other means to foster conservation are needed within this structural system as defined.

Recommendations:

1) There be no cap to the exclusion of conservation load reductions in calculating Tier One levels. Instead include wording to clarify that all load reductions due to conservation measures would not be subtracted from the allowed load level, no matter how large.

2) Any customer that experiences load reduction due to successful use of conservation by their customers should be allowed to sell their remaining Tier One loads at Tier One price levels to new clients, with first clients being those in need: low income clients, start up farmers, sustainable small businesses. This would provide a strong incentive to use conservation methods, while helping to distribute the lower cost levels of Tier One power to clients who are both in need and who contribute to a sustainable economic structure for us all.

3) Conservation needs to be defined as broadly and clearly as possible including:

- Weatherization and insulation of commercial and residential buildings;
- Conservation of power use in industry and residences through adoption and employment of new technologies and conservation methods;
- Water conserving methods, thereby reducing irrigation needs, (as stated on page 32) is a good one, but BPA should include the use of organic farming methods which reduce the use of water;
- Use of non-petroleum , less energy-intensive products;
- Use of horse or oxen in farming, or other less energy intensive farming methods, which reduces use of petroleum products and synthetics that require high amounts of power to produce.
- Use of bicycles and renewable fuels for vehicles by customer base.
- Recycling.

III. Renewable Energy Production:

As stated in Section I above, education, grants and financing are needed to help client base begin to move assertively to promote renewable energy production for Tier I and II needs. Furthermore, it is unforeseeable just what the impacts of global warming will be on Northwestern precipitation levels, and so such production may end up needing to be shifted into Tier One levels if the FBS proves to be less reliable than expected.

Recommendation:

- a) The proposed \$21 million cap for spending on renewable energy production is too low. There should be no cap.
- b) The Green Energy Premiums are good, but more is needed:
 - To encourage renewable energy production, including wind, solar, wood, geothermal, biomass, use of pellets from recyclables, future cold fusion production when it comes online, and energy from industrial by-products and

recycled energy on-site, clients should be allowed to shift any renewable energy produced by their customers and under their acquisition to a Tier One load scheme at the same price level. Certain language seemed to allude to this, but it was not clearly stated. Nuclear fission power plants are not defined as renewable energy, in that their toxicity contributions and potential destructive capabilities far outweigh any feasible use of their product.

- The difference in actual cost of production for such renewables from current FBS Tier One prices should be born by BPA.
- Also any client electrical cooperatives currently not purchasing renewables from local producers should be required to purchase renewables.

IV. Equity Issues:

Direct service industries, new publics that fall under 5(b) of the Northwest Power Act, and the policies regarding Fish and Game Environmental Impacts are equity issues. Direct service industries provide an unusual service and contribute to local economies in a substantive way and need to remain under BPA client base. New public utilities are supposed to be covered and therefore cannot be excluded from Tier One load allocation base lines. That would not be equitable treatment. Finally, fish and game, and the economies dependent on their continued healthy supply, require continued attention and support.

Recommendations:

- 1) Keep DSI's within the Tier One base.
- 2) Allow new public utilities to be included in Tier One allocations formulas. Resulting reductions in levels for other clients should be made up of renewables, the difference in cost, where there is one, covered by BPA.
- 3) Develop a strategy to replace that hydroelectric production that is causing current unrepairable salmon level deterioration with renewable energy production, after which, then plan for removal of such hydro systems. Address, in such a plan, any forestry or farming practices that need alteration as well. Such salmon levels contribute to a sustainable living system for cultures in Montana, as well as provide a local food product for all. They need to be returned to the local area.

Thank you. That concludes my remarks.

Sincerely,



Peggy Miller
Principal
Highland Winds -- HGC