

December 7, 2006

Lloyd Myers – Chairman of the Board - Columbia Grid
Shelly Richardson - Columbia Grid Board Member
Ed Sienkiewicz - Columbia Grid Board Member
Via e-mail: planning@columbiagrid.org

Planning and Expansion Functional Agreement

Dear Chairman of the Board:
Dear Board Members:

We have reviewed the proposed Planning and Expansion Functional Agreement and offer the following comments for your consideration. Our comments are focused only on the major issues.

1. We support the concept of “regional transmission planning, for the entire region” under a single umbrella. We recognize that some entities (i.e. PacifiCorp and others) may not “officially” participate, but out of necessity, they need to be part of the effort. They are in fact part of the Northwest Grid and any study without them (as well as other key transmission owning entities) would leave the study wanting. We encourage you to reach out to them, to the point necessary, to get their cooperation regardless of any decision they may make on membership.
2. We also see BPA as a very important piece to the puzzle. As a BPA transmission customer, we intend to encourage them to sign the proposed Agreement.
3. Of a more critical nature, we take exception to basing the transmission study and planning activity on “existing transmission obligations”. We believe using this criteria as the basis for the long term studies is flawed for the following reasons:
 - For a longer term study (i.e., 10 years out) BPA, as well as other transmission owning entities, will not have a good idea of what their “transmission obligations” will be. In the case of a PTP type transmission customer, BPA likely will receive valid and timely requests for additional transmission. However, we do not believe this will be the case for NT customers. It is also possible that existing PTP customers may want to shift to NT service in the future. There could also be resource shifts requested by existing customers requiring new Points of Receipt (POR) for existing transmission rights. We believe, therefore, that the basis for any transmission study of future conditions should be based on **forecasted loads** for the time period involved for **all** the native loads in the region, as well as for any known firm exports, irrespective of any current transmission

arrangements. If the data/study show the need for additional firm transmission/PORs on the part of any entity, it could be taken up at that time - for example between BPA and its Customer if that is the case.

- Times may change and the rules around supplying transmission may change – who now knows what the changes may be? If the rules do change, it may also change BPA’s transmission obligations in unknown ways. Ten years is a long time. If the transmission system were studied and planned on the basis of native loads, any changes to the rules would not matter as the solutions to serving the loads would be known. The only thing left to be sorted out is who is supplying and building any necessary additional transmission under any new rules.
- If the transmission planners desire to plan to “existing transmission obligations” **in excess** of native load requirements, we do not see a significant problem. The possible exception to this statement is that such an effort may lead to a more robust transmission system than is necessary, and hence more expensive than necessary.

To study the transmission system on any other basis than noted above may lead to false results and inadequate transmission in the future.

4. As important as knowing the load to be served in the future is knowing what generation is going to serve it. It is not clear to us from a read of the Agreement how Columbia Grid is going to determine what generation is going to be assumed dedicated to load in the future. For example, assume there is a need for 2000 MW of new generation in the next ten years to meet load growth, and that there is 20,000 MWs in the queue to serve it. Obviously, the challenge is to determine what generation is actually going to be built. To help guide the assumptions that are made in the planning studies, we think that some new rules need to be put in place to guide what generation is included in the study (e.g., only generation with a defined off-take commitment from a load be included).
5. We see the provisions in the Planning and Expansion Agreement related to our becoming a “Member” as onerous. It is our view that we are paying our share of membership dues through BPA by being a transmission customer of BPA. To pay again to become a Member will in effect having us paying twice. We can see that if all BPA’s Customers become Members that our paying twice may not be the case, but we view this outcome as unlikely. In any event, we see little “incremental benefit” to becoming a Member when we can provide significant input to the process through influencing BPA’s actions.

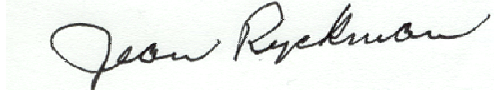
We do support the proposed planning effort and are willing to pay our fair share for that effort. We would also like to contribute to that effort as a Member but will not under the provisions as they now stand in the proposed Planning and Expansion Agreement.

6. As an aside, we believe the definition of “non-transmission alternatives” is confusing and should be clarified. For example a Non-transmission alternative, as we understand it, does not mean RAS schemes on generation. In a strict

reading of the definition, however, a RAS scheme could be included as Non-transmission alternatives.

We thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink on a light green background. The signature reads "Jean Ryckman" in a cursive script.

Jean Ryckman
Manager

CC: BPA Transmission – comment@bpa.gov

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