

**Renewable
Northwest
Project**

917 SW Oak
Suite 303
Portland, OR 97205

Phone: 503.223.4544
Fax: 503.223.4554
www.RNP.org



Renewable Northwest Project

To: Deb Malin, Bonneville Power Administration
Fr: Rachel Shimshak, Renewable Northwest Project
Dt: September 29, 2005
Re: Conservation and Renewable Energy Discount Program

Members

3 Phases Energy Services

American Wind
Energy Association

Bonneville Environmental
Foundation

Calpine Corporation

Center for
Energy Efficiency and
Renewable Technologies

CH2M Hill

Citizens' Utility Board

David Evans & Associates

Eurus Energy America

FPL Energy, Inc.

Geothermal
Resources Council

GE Wind Energy

Green Mountain Energy

Horizon Wind Energy

Montana Environmental
Information Center

Montana Public Interest
Research Group

Natural Resources
Defense Council

NW Energy Coalition

Northwest
Environmental Advocates

Oregon State Public
Interest Research Group

Orion Energy

PPM Energy, Inc.

Portland Energy
Conservation, Inc.

RES America
Developments, Inc.

Shuksan Energy Consulting

Stoel Rives, LLP

Vestas American
Wind Technology, Inc.

Washington
Environmental Council

Washington State Public
Interest Research Group

The Renewable Northwest Project (RNP) faithfully participated in each of the small group meetings on renewable resources held by BPA over the past year. Through our participation, we tried to stress the value of BPA's renewable energy program to the region and its customers and the need to continue to build on the program's successes. RNP also underscored the need for BPA and its customers to prepare for future needs of the region by establishing a position in the renewables market that could be expanded as needs grow. Our emphasis was on the long-term benefits and risk reduction of investing in clean energy.

Unfortunately, BPA has proposed several changes to its renewable program that respond only to short-term rate pressures and not long-term benefits. If BPA's goal is to "facilitate renewable resources," it is hard to imagine how the proposed C&RD program and the changes in the \$15 million fund accomplish that goal.

RNP specifically objects to confining the renewables element of the C&RD to a total of \$6 million. Previously, the entire C&RD could have been invested in renewables, and if few utilities made renewable investments, BPA would invest an additional \$6 million in renewable energy. While RNP firmly supports the region being able to meet the Council's conservation target, we believe it is reasonable to put enough additional dollars in the C&RD to accomplish both the conservation and renewable energy goals. It is hard to imagine how \$6 million, split among all of BPA's customers, will lead to meaningful investment for a utility in new, renewable resources. Alternatively, we support the "trading proposal" mentioned in the Bonneville Environmental Foundations comments of September 28, 2005.

The simultaneous and significant reduction of the \$15 million fund for the above-market cost of new renewables further reduces BPA and the utility customers' opportunities to participate in growing the renewable market. Despite many ideas for creative investment voiced in the meetings on renewables, BPA chose to reduce and eliminate the fund altogether by the third year of the next rate case. That not only violates a compromise agreement made during the Regional Review and solidified in the last rate case, it flies in the face of BPA's statutory responsibility to encourage renewable resources. We note that BPA is no longer interested in its geothermal commitment.

It doesn't take many dollars to be able to play an important role in future renewable energy projects in the region. We are disappointed that BPA has chosen to reduce the few dollars going toward these important programs—that have resulted in clean energy projects delivering real benefits to the region—for short-term rate reductions.