

Journal

April 2012

BPA addresses oversupply

On March 6, BPA filed its revised protocol for managing the possible seasonal oversupply of electricity with the Federal Energy Regulatory Commission.

Wind energy producers, regional utilities, interest groups and others submitted about 90 comments on BPA's Feb. 7 proposed protocol for managing oversupply. BPA has made several changes to the protocol to address concerns raised in the comments.

BPA submitted the filing to meet the deadline set in a Dec. 7, 2011, FERC order. If accepted by FERC, the plan – referred to as the Oversupply Management Protocol – will be in place for one year. Details about how the final submission differs from the initial proposal are available in a summary of changes.

Members of the Northwest congressional delegation as well as the secretary of energy urged BPA and regional parties to craft a local solution to the oversupply issue. The proposal comes after months of discussions with key stakeholders to find an equitable solution. The proposal is based on concepts developed in these discussions.

“We have heard and responded to the calls for a solution developed in the Northwest,” BPA Administrator Steve Wright said. “While the time frame we had to deal with did not provide opportunity for a broad settlement, our filing today is based on extensive conversations with and comments from parties interested in achieving an equitable solution.”

The protocol would be part of BPA's transmission tariff. BPA has been working with customers and other stakeholders for almost a year to update its transmission tariff covering all terms and conditions for transmission service from BPA. The agency intends to file the broader tariff with FERC soon.

Under the new protocol, BPA would first work with the U.S. Army Corps of Engineers and Bureau of Reclamation to manage federal hydroelectric generation and spill water up to dissolved gas limits. BPA would then offer low-cost or free hydropower to replace the output of thermal and other power plants, with the expectation that many would voluntarily reduce their generation to save fuel costs. If electricity supply still exceeds demand, BPA would then reduce the output of remaining generation within its system, including wind energy, in order of least cost. BPA would compensate the affected generation for lost revenues, including renewable energy credits and production tax credits, subject to verification by an independent evaluator.

Under the protocol, BPA would cover costs of compensating generators this spring from its transmission reserve account until a rate can be established to recover the costs. BPA will initiate a new rate case in which it will propose dividing compensation costs roughly equally between users of BPA's federal base system and generators eligible for compensation from BPA.

For more information, see the oversupply section on BPA's website at www.bpa.gov/go/oversupply

BPA completes line ahead of schedule, under budget

When you finish a project early and deliver it millions of dollars under budget, you celebrate. BPA did that Friday, Feb. 24 at Paterson Elementary School in Paterson, Wash. The small school on the outskirts of the Tri-Cities sits in the shadow of the new McNary-John Day transmission line and was an important partner during the construction project.

BPA Administrator Steve Wright joined Transmission executives and a local line maintenance crew, McNary-John Day project team members, contractor Wilson Construction, school staff and students to acknowledge the accomplishment.

“There's an assumption that the public sector can't do things well, and this is an example that it can,” Wright said in an interview with The Associated Press. “It will be a significant benefit for ratepayers.”



This year marks BPA's 75th anniversary. On Aug. 20, 1937, President Franklin Delano Roosevelt signed the Bonneville Project Act to deliver the massive benefits of Columbia River hydropower — clean, inexpensive electricity — to citizens of the Pacific Northwest. BPA was built on the idea of providing power for the greater good, and we continue to serve with that spirit today.

To learn more about BPA's rich history, visit www.bpa.gov and check our Facebook page.



The 500-kilovolt high-voltage power line was funded through borrowing authority contained in the American Recovery and Reinvestment Act. At its peak, there were approximately 150 direct jobs associated with the project. The line also allows BPA to offer transmission service to 495 megawatts of additional wind energy that was awaiting its completion.

Wind power sets new record

Wind turbines in BPA's transmission grid generated over 4,000 megawatts for the first time on Sunday, March 11, producing nearly twice as much energy as that generated by coal, gas and nuclear plants connected to BPA's system at that time.

Wind generation on BPA's system surpassed the 4,000 megawatt milestone at 3:22 p.m., reaching a new all-time peak of 4,039 megawatts about an hour and a half later. BPA expects to have 5,000 megawatts of this emission-free, renewable resource connected to its system by 2013, several years ahead of earlier estimates.

The growth of wind power on BPA's grid continues to exceed expectations by adding almost 1,000 megawatts in just the past 12 months. That's more than almost any state in the country added last year. Because BPA owns and operates three-quarters of the Northwest's high voltage transmission, the agency continues to play a vital role in the extraordinary development of this renewable resource.

"We continue to collaborate with wind developers and others to interconnect and integrate wind," said Brian Silverstein, senior vice president for BPA Transmission Services. "This represents BPA's commitment to reliably and cost-effectively connect and balance a variable energy resource – one of the great engineering challenges of the 21st century."

BPA seeking research proposals

BPA's Technology Innovation Office is now accepting applications for its FY 2013 research and development

portfolio. Since 2005, BPA has funded a pipeline of projects that result in a more efficient Northwest power system, with a recent focus on technologies in the areas of energy efficiency, physical security, hydroelectric power operations and transmission services.

"This solicitation process gives us an opportunity to carefully consider our research investments," says Terry Oliver, chief technology innovation officer. "There are some brilliant ideas out there and there's never enough money, so we have to decide which projects have the most potential benefit to Northwest ratepayers."

The agency often looks to invest in projects with broad potential that otherwise might not get funding. Recently funded research projects include energy efficiency emerging technologies, oscillation damping and voltage stability controls, and compressed air and thermal storage in Columbia River basalt.

Technology Innovation will use a two-phase process to identify and select potential research and development opportunities. To share your technology innovation idea for phase one, submit your concept paper along with information about your team's qualifications by April 4. Those who meet the phase one qualifying criteria will be invited to further develop their proposal for phase two.

The Technology Innovation Council reviewed the progress of existing projects during the agency's recent Technology Innovation Summit, Jan. 31 to Feb. 2. The updates helped the council determine which projects will continue to be funded.

The agency expects to spend about \$4.5 to \$6 million on new projects next fiscal year. The council will announce the projects selected for the 2013 fiscal year portfolio in July.

If you have questions about the submission process or would like to know more about the research topic areas, contact Sheila Bennett, technology innovation portfolio manager, at 503-230-3152 or sabennett@bpa.gov.

Public Involvement [Updates & Notices]

AGENCY PROJECTS

Capital Investment Review [Regionwide]

BPA invites interested parties to participate in the Capital Investment Review, in which parties can study and comment on BPA's long-term capital forecasts and draft asset strategies. A series of discussion meetings will be held the week of April 16. Topics are still being identified based on comments submitted by interested parties. Public input will help BPA establish the capital spending levels for the 2014 and 2015 fiscal years and inform the depreciation and interest expense levels that will be incorporated in the Integrated Program Review slated to begin in June. For more information, go to www.bpa.gov/corporate/Finance/IBR/CIR/. Check BPA's external calendar at http://www.bpa.gov/corporate/public_affairs/calendar/ for updates.

SEE CALENDAR.

Quarterly Business Review

BPA will hold its Quarterly Business Review on May 1. For information, go to www.bpa.gov/corporate/finance/ibr/qbr. SEE CALENDAR

POWER – PROJECTS UNDER REVIEW

Non-Treaty Storage

BPA Administrator Steve Wright has signed a record of decision and a copy of a new long-term Non-Treaty Storage Agreement. BPA accepted public comment through March 16 on contract language for the long-term agreement, which will allow use of non-Treaty storage owned by BC Hydro in Canada. BPA and BC Hydro reached agreement on the language in early March; BC Hydro is expected to countersign the agreement in early April.

The agreement will provide additional flows for protected fish and support power generation through Sept. 15, 2024. This new long-term NTSA fulfills an objective called for in NOAA's 2008/2010 biological opinion on the Federal Columbia River Power System to support mainstem Columbia River flows for benefits to ESA-listed fish. The agreement allows for coordinated use of non-Treaty storage in Canada to shape flows within the year for fisheries benefits and provides up to an additional half million acre-feet of water to benefit

fish in the lowest water conditions. The agreement also provides greater flexibility to shape flows to provide additional power benefits to BPA and its customers.

The new agreement will replace the previous long-term pact that fully expired in January 2011, along with the current non-Treaty storage "bridge" agreement that has been in place since September 2011 and expires March 30, 2012. As with previous non-Treaty storage agreements, use of non-Treaty storage under the new NTSA will be conducted in a manner that does not reduce flood control and power benefits under the Columbia River Treaty, a requirement for any non-Treaty storage use. Without an agreement with BC Hydro, BPA does not have access to BC Hydro's non-Treaty storage.

Rates High Water Mark

BPA will kick off the Rate Period High Water Mark (RHWM) process this spring in advance of the BP-14 Rate Case and in accordance with section 4.2.2 and 4.3 of the Tiered Rate Methodology. This process will scale customer Contract High Water Marks that were finalized in spring 2011 to an updated Tier 1 System Firm Critical Output, resulting in customers' RHWMs and above-RHWM loads for the fiscal year 2014-2015 rate period.

Since this is the first time through the RHWM Process, BPA has decided to start earlier than initially contemplated in the Tiered Rate Methodology to allow plenty of time to involve customers and other stakeholders in the process. This lengthening of the process offers some additional degree of planning certainty for the upcoming rate case and further provides an opportunity to learn and improve the RHWM process for future rate periods.

A customer workshop is scheduled on May 8, 2012, to discuss the updated Tier 1 System Firm Critical Output. An initial posting of draft RHWMs and Above-RHWM loads is scheduled for early June 2012, with customer workshops to be held on June 12 and July 24. All workshops will be in the Rates Hearing Room in Portland.

We will provide revised results to all parties on Aug. 15, 2012, which will signal the start of the formal public comment process outlined in the TRM. Final numbers will be made available on Sept. 30, 2012, for use in the BP-14 rate case.

FISH AND WILDLIFE – PROJECTS UNDER REVIEW

Lolo Creek permanent weir fish trapping facility [Clearwater County, Idaho]

BPA is considering comments on a proposal to fund the replacement of a 10-year-old seasonal fish weir. The draft EA is expected in fall 2012. For information, go to www.bpa.gov/go/lolocreekweir.

Kootenai River Native Fish Aquaculture Program [Boundary County, Idaho]

BPA expects to release a preliminary EA in summer 2012. For information, go to www.bpa.gov/go/kootenaiaquaculture.

Klickitat Hatchery Complex Program [Klickitat and Yakima counties, Wash.]

BPA is incorporating comments into the final EIS, expected in spring 2012. For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Klickitat_Hatchery_Program/.

Kalispel memorandum of agreement [Pend Oreille County, Wash.]

The Kalispel Tribe and the three federal action agencies are proposing to enter a 10-year memorandum of agreement for fish and wildlife mitigation projects. For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Kalispel_MOA/.

Yakama Nation Mid-Columbia Coho Restoration Program [Chelan and Okanogan counties, Wash.]

The final EIS was published in the Federal Register March 9, 2012. For information, go to www.bpa.gov/go/midcolumbiacoho.

Springfield Sockeye Hatchery Project [Bingham County, Idaho]

BPA released a preliminary EA for public review in December 2011, accepted comments through Jan. 16, 2012, and expects to publish a final EA in April 2012. For information, go to http://efw.bpa.gov/environmental_services/Document_Library/Springfield_Sockeye_Hatchery/.

Northeast Oregon Hatchery Program, Grande Ronde- Imnaha Spring Chinook Hatchery Project [Wallowa County, Ore.]

A second ROD authorizing construction is deferred until the National Marine Fisheries Service reviews and approves the program's Hatchery Genetics Management Plan, which is scheduled for 2012. For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Grande_Ronde/.

TRANSMISSION – PROJECTS UNDER REVIEW

Alvey-Fairview line rebuild [Lane, Douglas and Coos counties, Ore.]

BPA accepted comments and held public meetings in December on a proposal to rebuild the Alvey-Fairview No.1 transmission line. BPA expects to publish a preliminary EA in fall 2012. For information, go to http://efw.bpa.gov/environmental_services/Document_Library/Alvey-Fairview/.

Network Open Season and Generation Interconnection Reform [regionwide]

BPA is working individually with customer proposals for withdrawing or modifying Precedent Transmission Service Agreements. The agency is evaluating proposals and account executives are sharing feedback with customers. For information, go to http://transmission.bpa.gov/customer_forums/open_season_2011/. SEE CALENDAR.

I-5 Corridor Reinforcement Project [Oregon and Washington]

BPA is evaluating potential routes for a proposed 500-kilovolt transmission line to reinforce the power grid in southwest Washington. A draft EIS is scheduled for spring 2012 to be followed by a formal comment period. For information, go to www.bpa.gov/go/i5.

Celilo direct current terminal upgrade project [Wasco County, Ore.]

BPA is proposing a major upgrade of the Pacific Direct Current Intertie. The project would modernize and simplify equipment at the Celilo terminal and include reinforced towers at selected locations on the northern part of the DC line. Construction is proposed to begin in early 2015.

Midway-Benton No.1 Replacement Project [Benton County, Wash.]

BPA accepted comments on a proposal to rebuild the 115-kV Midway-Benton No. 1 and Benton-Othello No. 1 transmission lines. A preliminary EA is expected in summer 2012. For information, go to http://efw.bpa.gov/environmental_services/Document_Library/MidwayBentonRebuild/.

Lund Hill Wind Interconnection Project [Klickitat County, Wash.]

BPA is deciding whether to interconnect up to 60 megawatts from the proposed Lund Hill Wind Project. BPA expects to complete a ROD in late 2012. For information, go to www.bpa.gov/go/lundhillwind.

Creston-Bell transmission line rebuild [Lincoln and Spokane counties, Wash.]

BPA is proposing to rebuild approximately 54 miles of 115-kilovolt wood pole transmission line. A preliminary EA is expected in April 2012 and a FONSI is expected in May 2012. For information, go to http://efw.bpa.gov/environmental_services/Document_Library/Creston_Bell/.

Albany-Eugene transmission line rebuild [Lane and Linn counties, Ore.]

BPA is proposing to rebuild approximately 32 miles of a 115-kilovolt wood pole transmission line. A FONSI is expected in June 2012. For information, go to http://efw.bpa.gov/environmental_services/Document_Library/Albany-Eugene_Rebuild/.

Hooper Springs Transmission Project [Caribou County, Idaho]

BPA is proposing a new 115-kilovolt transmission line and a new 138/115-kV substation, called Hooper Springs Substation, in Caribou County, Idaho. BPA expects to publish a draft EIS in summer 2012. For information, go to www.bpa.gov/go/hoopersprings.

Juniper Canyon II Wind Interconnection Project [Klickitat County, Wash.]

BPA is deciding whether to interconnect up to 101 megawatts from the proposed Juniper Canyon II Wind Project. To interconnect the project, BPA would build a new substation, the Wood Creek Substation, along an existing BPA transmission line near Roosevelt, Wash. BPA expects to complete a ROD in late 2012. For information, go to www.bpa.gov/go/junipercanyonii.

Whistling Ridge Energy Project [Skamania County, Wash.]

BPA and Washington Energy Facility Site Evaluation Council released a final EIS in August. BPA plans to issue a ROD by April 2012. For more information, go to www.bpa.gov/go/whistling.

Antelope Mountain Communication Project [Deschutes County, Ore.]

For information, go to www.bpa.gov/corporate/public_affairs/docs/2010/.

Transmission Services Facility Project [Vancouver, Wash.]

For information, go to www.efw.bpa.gov/pdf/Transmission_Services_September_2009.pdf.

Montague Wind Power Project [Gilliam County, Ore.]

BPA accepted comments on a proposed interconnection and a substation expansion through March 16, 2012. Iberdrola Renewables Inc. asked BPA to interconnect up to 404 megawatts to BPA's transmission system. A ROD is expected to be signed in May 2012. For information, go to www.bpa.gov/go/montague.

FISH AND WILDLIFE – PROJECTS UNDER CONSTRUCTION

Chief Joseph Hatchery Program [Okanogan County, Wash.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Chief_Joseph/.

Lyle Falls Fish Passage Project [Klickitat County, Wash.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Lyle_Falls/.

TRANSMISSION – PROJECTS UNDER CONSTRUCTION

Albeni Falls-Sand Creek Transmission Line Project [Bonner County, Idaho]

For information, go to www.transmission.bpa.gov/PlanProj/Transmission_Projects/default.cfm?page=albe.

Big Eddy-Knight Transmission Project [Wasco County, Ore., and Klickitat County, Wash.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Big_Eddy-Knight/.

Grand Coulee Dam line replacement [Okanogan, Grant and Douglas counties, Wash.]

For information, go to www.bpa.gov/go/coulee.

Juniper Canyon I Wind Interconnection Project [Klickitat County, Wash.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Juniper_Canyon_Wind/.

Leaning Juniper II-Jones Canyon Substation Expansion Wind Interconnection Project [Gilliam County, Ore.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Leaning_Juniper/.

Palisades-Goshen transmission line reconstruction [Bonneville and Bingham counties, Idaho]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Palisades/.

Walla Walla-Tucannon River transmission line rebuild [Walla Walla and Columbia counties, Wash.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Walla_Walla-Tucannon_River_Rebuild/.

CALENDAR OF EVENTS

To view BPA's public involvement calendar, go to www.bpa.gov/go/calendar. For Americans with Disabilities Act accommodations, please call toll free 800-622-4519.

Capital Investment Review discussion meetings (check online calendar for updates)

- **Week of April 16**, BPA Rates Hearing Room, 911 N.E. 11th Ave., Portland, Ore.

Quarterly Business Review

- **May 1**, 9 a.m. - 4 p.m., BPA Rates Hearing Room, 911 N.E. 11th Ave., Portland, Ore.

CLOSE OF COMMENT

Submit comments to www.bpa.gov/comment.

- **May 4** — Capital Investment Review

The Journal is a monthly publication of the Bonneville Power Administration. If you have questions or comments, or you want to be added to the mailing list for any project, call toll free (800) 622-4519.

To order copies of documents, call: (800) 622-4520 or (503) 230-7334. Written comments may be sent to: BPA, P.O. Box 14428, Portland, OR 97293-4428. E-mail address: comment@BPA.gov. BPA home page: www.bpa.gov. For details on BPA environmental reviews listed above, including site maps and documents issued to date, see www.efw.bpa.gov/environmental_services/nepadocs.aspx. Process Abbreviations: EA-Environmental Assessment, EIS-Environmental Impact Statement, ESA-Endangered Species Act, FONSI-Finding of No Significant Impact, NOI-Notice of Intent, ROD-Record of Decision.

