

**Bonneville Power Administration
Regional Dialogue Technical Group
Summary of November 18, 2005 Meeting**

Elliot Mainzer (BPA) provided a review of what BPA proposed in its Concept Paper regarding Renewables and provided participants with an opportunity to ask clarifying questions.

Rachel Shimshak (RNP) presented a proposal for Renewables that builds on the BPA Concept Paper. This proposal was reviewed against the interests the Technical Group agreed to for the Regional Dialogue process. Shimshak addressed barriers that this proposal was trying to address. After a series of questions, it was agreed that a small group would meet again to discuss this issue further, with a report out to come at later technical meeting.

See below for the following handouts distributed at the meeting:

- New Renewable Resources
[Note: This handout was originally posted on BPA's web site as a Word document on November 18, 2005. It was later converted to PDF without any changes to the content of the document.]

- Ensuring Progress Towards Meeting the Council's Renewables Targets
[Note: This handout was originally posted on BPA's web site as a Word document on November 18, 2005. It was later converted to PDF without any changes to the content of the document.]

Title of document: New Renewable Resources

Author / Submitter (Organization): See below

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For meeting on (date): November 18, 2005

**Ideas for discussion with the Regional Dialogue Group
New Renewable Resources
November 18, 2005**

Goal: BPA's customers should meet and/or exceed the Council's targets for renewable energy acquisition over the next 20 years.

1. Integrating Renewable Resources in the FBS.
Priority use of system flexibility
Long-term products and services
2. Incentives for Renewable Acquisition
No decrements for RR acquisitions in the short-term
3. "Lumpy Renewables Facilitation Support
BPA as anchor tenant for large project
BPA credit support
4. Transmission
Products and services
Regional coordination and studies
5. BPA Facilitation Tier 1 Budget
Slow and steady building new renewables for ultimate Tier 2 sale
Supporting diverse, small-scale renewable development, R&D
6. New large single load
Access to Tier 1 only with "substantial" new, renewable content (everything beyond the 9.9 MW is renewables).
7. Other issues not yet discussed
Renewable discount program
Billing credits
Specific Tier 2 renewable products

These ideas were generated from a group of folks including: Walt Pollock, Angus Duncan (BEF), Keith Knitter (Grant PUD), Brett Sims (PGE), Jim Maloney (EWEB), Brian Skeahan (Cowlitz PUD), Bill Drummond (Western MT G&T), Rachel Shimshak (RNP), and Elliot Mainzer (BPA). The list was created to stimulate further discussion on important items related to future renewable energy activity in the region, and does not imply endorsement.

Ensuring Progress Towards Meeting the Council's Renewables Targets

NW Energy Coalition

In its concept paper, BPA proposes to “tie the amount of Tier 1 renewables facilitation spending to the success of the region in meeting the Council’s targets for renewable resource development.” However, Bonneville has as yet not provided any details about how it would do this, or more important, how the region could be sure that this commitment will be kept over the proposed 20-year contracts. Under the current “acquire and meld” paradigm, we have that assurance, because BPA is directed by the Act to follow the Council’s Plan on behalf of its customers. Similar assurances must be provided in the new contracts.

RPS -- We propose a straightforward solution. BPA’s new contracts should include a provision requiring that, over time, a certain percentage¹ of each utility’s Tier 2 increase in need be served by renewable resources—a Renewable Portfolio Standard (“RPS”). We propose that the Council develop 4-year targets that would be used to set the percentage, consistent with its regional Plan.

Enforcement – We favor carrots over sticks. We propose a two-pronged approach.

1. BPA include in its Tier 1 the cost of facilitation activities as outlined in the Concept Paper.
2. BPA provide a production incentive—similar to that currently used in the “R” Discount program—that in aggregate would be large enough to cover the target MWs. Each utility’s individual discount would be scaled to its previous rate of load growth.² Unused credits would first be offered to other utilities, and any remaining used by BPA to acquire renewables directly for resale as secondary power.

¹ Given the Council’s current Plan, this percentage would probably be fairly high, but that would depend upon other factors such as regional load growth, amount of renewables acquired previously, or by non-BPA customers.

² An exemption process could be instituted for utilities to present a case that its load growth in the past was not predictive.