



**Portland General Electric Company**  
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October 9, 2015

**Portland General Electric Comments for BPA Southern Intertie Hourly Non-Firm  
Workshop**

Portland General Electric Company (PGE) appreciates the opportunity to provide feedback to Bonneville Power Administration's (BPA) Transmission Southern Intertie Hourly Non-Firm Workshop. As a Point-to-Point (PTP) transmission customer, remote generation owner, and active market participant, PGE has considerable interest in these proceedings. PGE provides these comments, observations, and recommendations for consideration.

**1) Concerns Regarding BPA's Representation of the Perceived Value of Long-Term Firm Transmission Rights**

PGE understands concerns with the value of long-term firm transmission service on the Southern Intertie and, while PGE understands that some long-term firm rights holders perceive the value of long-term firm service to be decreasing, that perception is not shared by all long-term firm rights holders. As with all long-term instruments (such as long-term firm transmission rights), the estimated value will fluctuate over time. PGE experienced broad, significant interest when it performed an offer process for PGE shares of long-term firm rights on the Southern Intertie. Additionally, it is PGE's position that the changes occurring in the region with respect to emerging markets and renewable resource integration will serve to increase the need for long-term firm transmission, as it will serve as a risk mitigation measure and as a pre-requisite for dynamic transfer. Therefore, BPA should consider revising this statement to identify the long-term firm rights holders or instances for which it intends to restore the perceived lost value or eliminate the statement in favor of a defined BPA-CAISO Market seams issue statement.

**2) Concerns Regarding BPA's Position on Economic Benefits Remaining with Northwest Parties**

PGE is concerned that this phrase in the statement of issue has the appearance of placing BPA in the position of using its transmission rate-setting process and authority to influence the distribution of economic benefits beyond standard cost causation principles. PGE recommends BPA revise this language to more directly describe how Northwest parties bear a disproportionate amount of the costs of the Southern Intertie and therefore should retain more of the benefit. This statement would stand as a starting point for any rates process for increasing the Non-firm Hourly Southern Intertie Rate.

**3) Suggestion to Investigate Non-Rate Solutions**

PGE does not believe that it is necessary for BPA to take any transmission rate action at this time. Currently, there are significant market changes occurring in the region. BPA should allow time for transmission markets to stabilize and regional parties to adjust to these changes before entering a potentially contentious rate proceeding that could prove to be counterproductive in the long term.



PGE encourages BPA to continue to investigate non-rate solutions that would directly address the market seams issue between itself and the CAISO. One example may be to release unused firm capacity in forward hour tranches of 4 to 6 hours instead of a block release for the full 24-hour period. This non-rate approach is easier to implement would likely be more effective at addressing the issues at hand. PGE would also ask that BPA allow for consistent and periodic feedback during the process to develop any solution. PGE looks forward to participating in future workshops.

PGE appreciates the opportunity to participate with BPA and other regional parties. At this time, PGE is not fully convinced of the need for a rate solution to a market seam issue, in light of the changing regional marketplace. PGE looks forward to continuing regional dialogue on this issue.