



September 29, 2005
Via Electronic and U.S. Mail

Elliot Mainzer
Acting Vice President Bulk Marketing
Bonneville Power Administration
c/o Public Affairs Office – DM-7
P.O. Box 14428
Portland, OR 97293-4428

RE: BPA's Renewable Rate Credit Proposal

Dear Mr. Mainzer:

PPC thanks you and the Bonneville Power Administration for your efforts to collect customer input during the development of the renewable rate credit proposal. Given the constraints under which this rate credit must operate, we think that the proposal has a lot of merit. However, in the course of discussions with PPC members, it has become apparent that there remains a bit of educating to do with individual customers to help them understand how their particular resource development intentions can be facilitated by this rate credit opportunity. We encourage BPA staff to conduct a workshop for customers to gain a better understanding of the renewables rate credit.

In addition, there appears to be a need to reevaluate the proxy cost for landfill gas energy generation of more than 2 MW, since there is no credit associated with this resource using the current assumed proxy for avoided cost. Perhaps an approach would be to canvas existing landfill gas facilities with regard to their costs of operation to see if the avoided cost BPA is using is reasonable. Smaller utilities are interested in pursuing this particular resource in the coming years and would like some assistance in doing so.

We are also interested in getting a better understanding of the assumptions underpinning the utility-scale wind integration charges calculated by the Council and incorporated by BPA. It seems like there is the potential in the coming years for increases in this component of the costs associated with wind generation

development, so we would advise BPA to revise this number if over the course of the coming years reality seems to be out of pace with the assumed integration costs.

Lastly, there is a concern among mid-size and small utilities that only getting the credit for the new renewable resource's first year of operation will be insufficient to get the resource operational. We would like to see if there is a way to accommodate these utilities so that they can make the most of the rate credit by making the credit available for more than one year of resource operation, or by opening access to the renewables facilitation budget to these customers for this purpose.

Thank you again for your hard work and if you would like to discuss these comments with PPC, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Showalter', written in a cursive style.

Marilyn Showalter
Executive Director