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May 28, 2008

## MEMORANDUM

**TO:** Council Members

**FROM:** Wally Gibson

**SUBJECT:** Brian Silverstein Briefing on Bonneville Transmission Planning Activities

Brian Silverstein, Vice-President of Planning and Asset Management for Bonneville's Transmission Business, will provide an overview of Bonneville's transmission current planning activities at the Council meeting.

Silverstein will describe the resource and transmission planning challenges currently facing Bonneville and the activities underway to address those challenges. The primary activity is the Network Open Season, which will enable Bonneville to address the transmission needs of multiple proposed small generation projects at the same time, a problem for which the current service-request queue management process is ill-suited. It is intended to provide sufficient certainty for Bonneville to go forward with large-scale transmission projects supporting multiple individual generator needs, while at the same time giving developers and transmission customers sufficient certainty that they can commit to taking service from the transmission projects when completed.

In addition, he will also describe the transmission projects that Bonneville is currently developing, as well as other major transmission projects in the Northwest that have been proposed, and the coordination that the sponsors are undertaking.

Silverstein will conclude by describing a conceptual approach to integration of resource and transmission planning in an environment in which different entities perform the various activities.

# Planning to Meet Future Transmission Needs

Network Open Season  
Regional Expansion Plans

Brian Silverstein  
VP, Planning&Asset Management



## Current Situation: BPA Transmission Network

- BPA's challenge is to meet planning, expansion and reliability obligations to public or Network Integration (NT) customers while also making transmission capacity available on a commercial basis to other parties making Point-to-Point (PTP) requests in the transmission queue.
  - BPA's obligation to NT customers is the nucleus of our transmission planning and expansion activities in accounting for regional load growth.
- Loads are growing in the Northwest.
- New resources are being developed and connected to the grid away from load centers.
  - Renewable portfolio standards driving wind development where the wind blows.
- Limits on hydro system capability.

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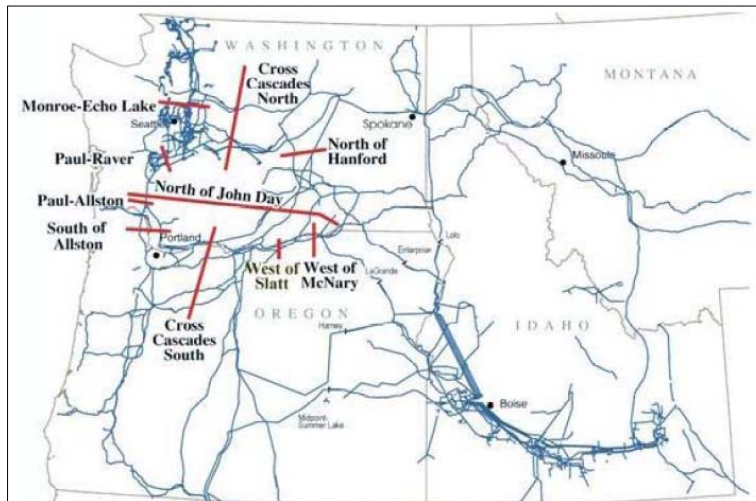
## Resource and Transmission Adequacy

- Transmission system needs to enable access and be reliable.
- New resources will require new transmission facilities.
- Running out of transmission capacity will limit resource choices and will have environmental and economic consequences.
- Additional infrastructure needs to be an intelligent investment for the region.

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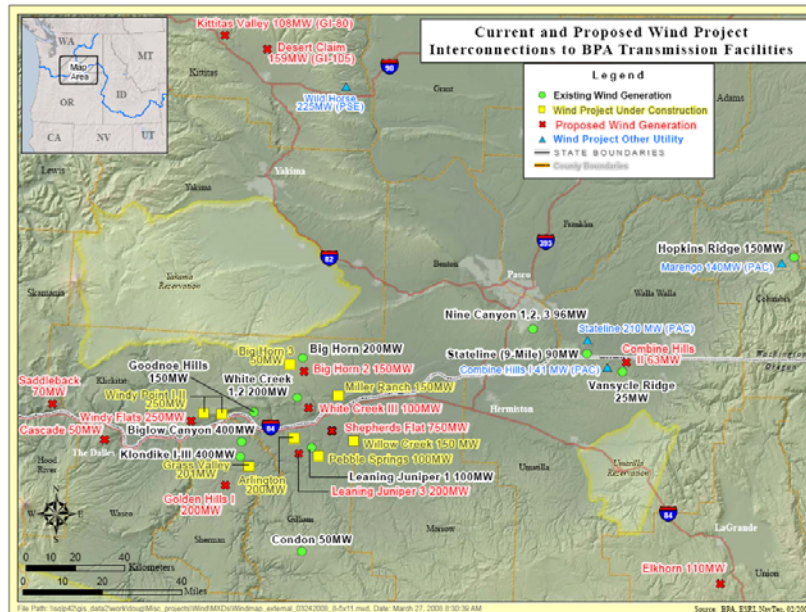


## BPA Flowgate Map



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## Network Open Season Objectives

- In the absence of an Integrated Resource Plan for the region, Network Open Season (NOS) provides an opportunity to capture market dynamics (generation) with forecast load requirements to determine long-term infrastructure requirements.
  - NOS aligns new resource development with new transmission development.
  - Cluster studies, rather than individual studies of network transmission requests, will allow planners to design a more efficient transmission system.
  - NOS will enable planners to determine where system upgrades are needed most.
- NOS provides an effective management tool for the BPA Long-Term Transmission Service Queue.
  - NOS allows BPA to offer service to all customers in the transmission queue on a specified date. NOS would be held at least once each year.
  - Customers who decline service will be removed from the transmission queue but may submit new requests and participate in a subsequent NOS.

## BPA Commitments for Network Open Season

- Commit to provide long-term transmission service to customers that sign a precedent service agreement (PA).
  - Service can be provided at BPA's rolled in transmission rate.
  - BPA completes its obligation under National Environmental Policy Act (NEPA).
- Perform cluster study to identify new facility requirements and costs.
- Apply Transmission Commercial Infrastructure Finance Process to determine if facilities can be built at embedded rates (NLT 8 months from NOS close).
- Plan, finance and design facilities necessary to accept transmission service.
- Complete NEPA ROD (NLT 36 months from rate determination).
- Construct facilities.
- Conduct Network Open Season at least once each year.
- Offer conditional firm transmission service as soon as practicable in event BPA cannot meet the customers' requested start date.

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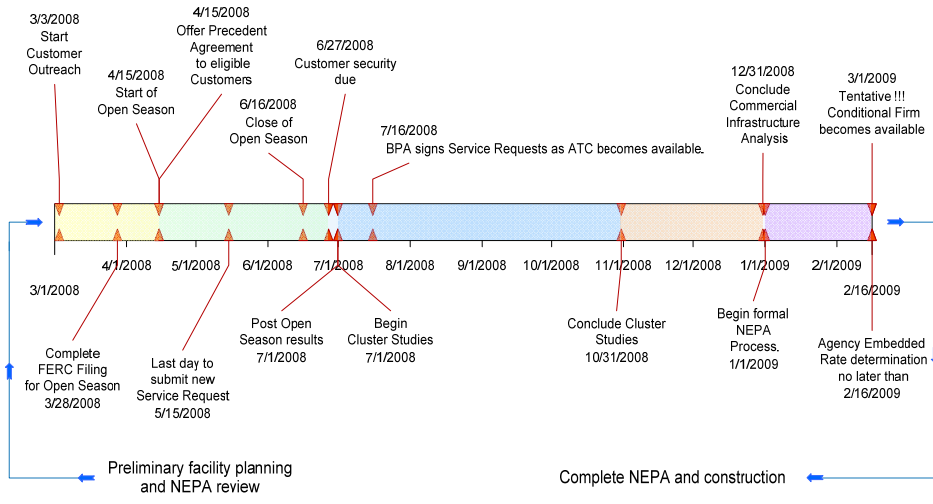
## Customer Commitments for Network Open Season

- Agree to take service consistent with their existing request, or withdraw request.
- Submit any new request as soon as possible, but no later than May 15, 2008.
- Sign the PA and return to BPA as soon as possible, but no later than June 16, 2008.
- Provide required security (NT customers only must attest to acquire resources they identify) as soon as possible, but not later than June 27, 2008.

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## Network Open Season Timeline



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## Success Criteria

- NOS will help define additional capacity that is needed to meet long-term transmission requests in the queue.
- Direct Available Transmission Capacity to customers ready to take service.
- Customers commit to purchase sufficient transmission so that BPA can proceed with infrastructure development.
- NT customers are able to secure transmission from BPA consistent with projected load growth.
- PTP customers are able to access long-term transmission service for commercial use.

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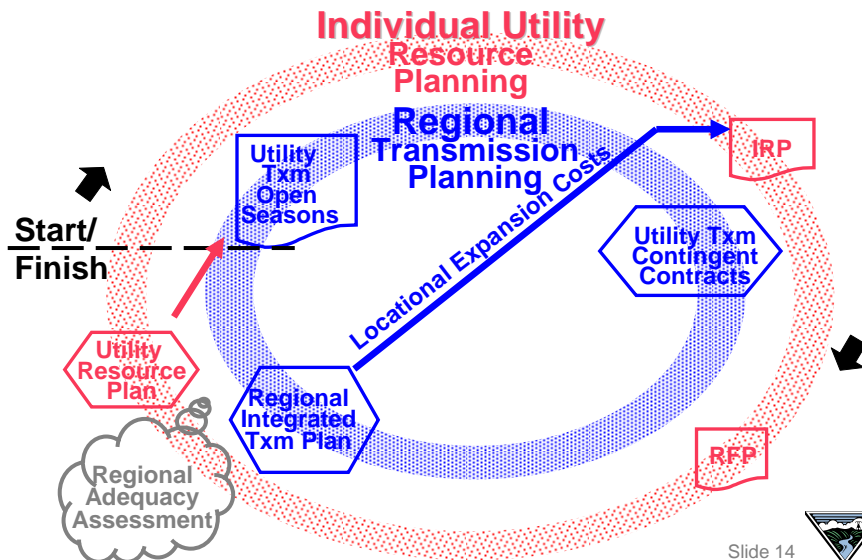
## Coordinated Planning

- Coordinated Planning ensures the most effective expansion of the grid.
- Better linkage needed between resource and transmission planning.
- Transmission planning entities (Columbia Grid, Northern Tier Transmission Group, NWPP Transmission Assessment Committee, WECC Transmission Expansion Policy Committee) need to work closely together.

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## Integrated Planning Concept



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