

DOCKETED

Docket Number:	16-RGO-01
Project Title:	Regional Grid Operator and Governance
TN #:	212576
Document Title:	Bonneville Power Administration Comments on Regional Grid Operator and Governance
Description:	N/A
Filer:	System
Organization:	Bonneville Power Administration
Submitter Role:	Public Agency
Submission Date:	8/2/2016 1:55:40 PM
Docketed Date:	8/2/2016

Comment Received From: Rebekah Pettinger

Submitted On: 8/2/2016

Docket Number: 16-RGO-01

Bonneville Power Administration Comments on 16-RGO-01

Additional submitted attachment is included below.



Department of Energy
Bonneville Power Administration
PO Box 3621
Portland, Oregon, 97208-3621

Bonneville Power Administration Comments
Regional Grid Operator and Governance
Docket No.: 16-RGO-01
August 2, 2016

The Bonneville Power Administration (Bonneville) appreciates the opportunity to submit these comments on the July 15, 2016, “Revised Proposal: Principles for Governance of a Regional ISO” (Revised Proposal) in the California Energy Commission’s (CEC) “Regional Grid Operator and Governance” proceeding. On July 7, 2016, Bonneville submitted comments on the initial governance principles of June 9, 2016, and incorporates those comments here by reference.

Background

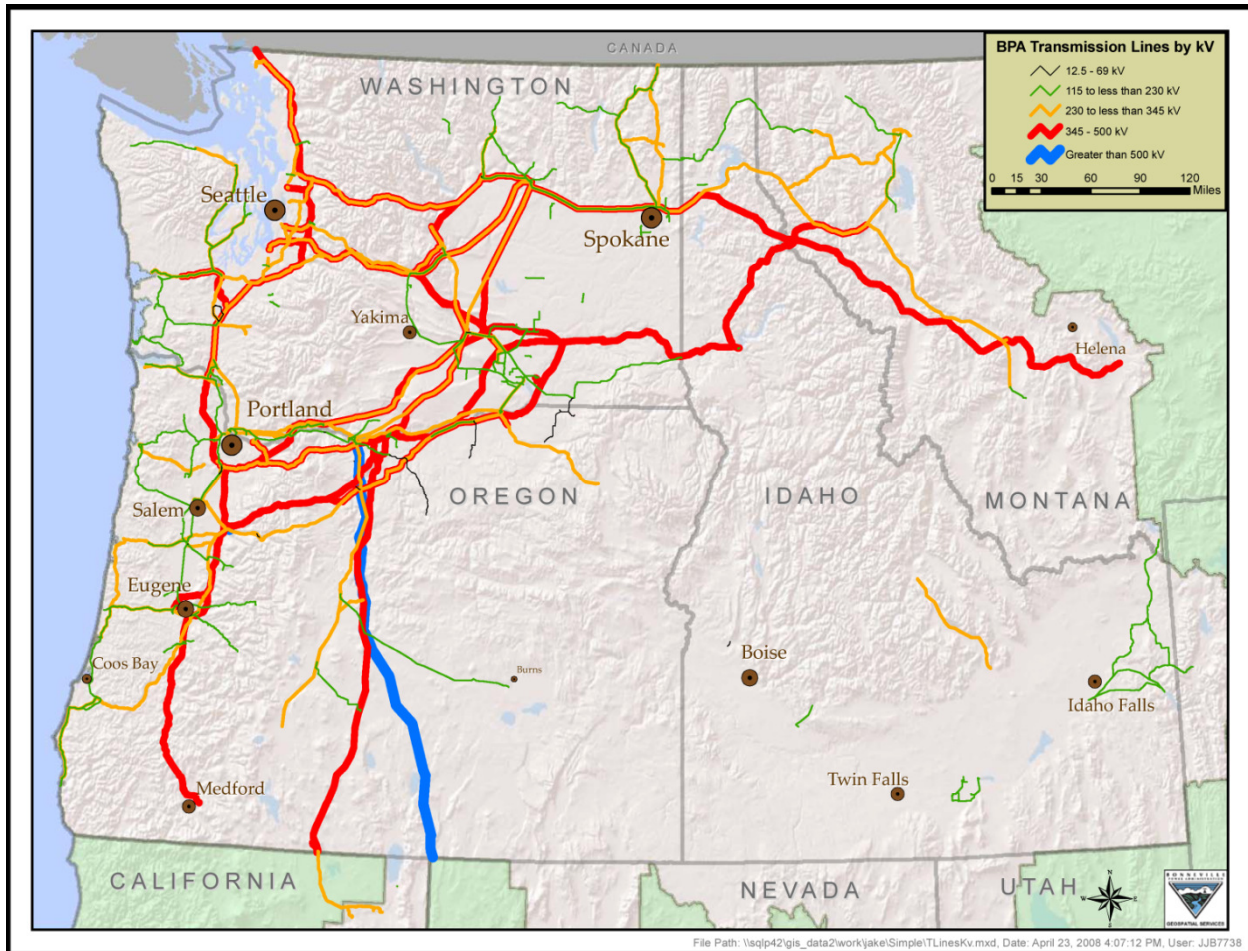
Bonneville is a federal power marketing administration within the United States of America, Department of Energy, and markets electric power from 31 federal hydroelectric projects and some non-federal projects in the Pacific Northwest. Whenever requested, Bonneville is statutorily obligated to sell at wholesale firm power to meet the net load requirements of certain utility customers in the Pacific Northwest. 16 U.S.C. § 832c; 16 U.S.C. § 839c(b). As described more fully below, Bonneville also owns and operates an extensive transmission system that connects with every major utility in the Pacific Northwest, including Canada, as well as with California.

General Comments:

Bonneville supports the changes made in the Revised Proposal. The Revised Proposal provides for more effective engagement in the planning and oversight of a regional Independent System Operator (ISO) for affected entities in the Western Interconnection. Most significantly, Bonneville acknowledges and supports the inclusion of roles for Federal Power Marketing Administrations (PMAs) in the Revised Proposal. With these revisions, Bonneville is committed to engaging constructively in the development of the governance structure of a regional ISO. Bonneville believes that putting the right governance structure in place is essential to the success of the regional ISO.

Why the Revised Proposal’s Inclusion of a Role for PMAs is Important:

Bonneville owns and operates nearly 75 percent of the high voltage transmission system in the Pacific Northwest. Bonneville’s transmission system connects other transmission systems together, from Canada to California, and from the Pacific Ocean to the Rocky Mountains. The map below shows the wide geographic range of Bonneville’s transmission system, and illustrates that Bonneville’s transmission system is integral to transporting energy throughout the Northwest.



Bonneville Power Administration Transmission System

Bonneville’s transmission assets also play a key role in the inter-regional connections between a regional ISO and the Pacific Northwest. Bonneville is a co-owner of, and the path operator for, the Pacific Northwest AC Intertie, which connects the predominately hydro resources of the Pacific Northwest to northern California, and the Pacific Direct Current Intertie (PDCI), the nearly 900-mile, 1,000 kilovolt transmission line, from the Columbia River to Los Angeles. Bonneville has planned and operated these lines in collaboration with California transmission owners and operators since the 1960s. Bonneville completed a multi-million dollar modernization project of the 40-year-old Celilo Converter Station in 2016 and upgrades on the 265-mile portion of the intertie that Bonneville owns from the Columbia River to the Nevada-Oregon border, which will raise the intertie’s capacity to 3,200 megawatts.

Today, most of the utilities in the Pacific Northwest rely on or use Bonneville transmission in some form to deliver their wind, solar, thermal, or hydro energy to load or the market. As Bonneville explained in its prior comment, PacifiCorp, in particular, relies on Bonneville transmission for service to its loads in the PacifiCorp West balancing authority area (BAA). The PacifiCorp West BAA is comprised of discrete areas that must use Bonneville transmission to get from one area to another. Other utilities in the Pacific Northwest are in a similar position. Bonneville’s federal transmission system assets are an indispensable link between Pacific Northwest entities and an expanded ISO footprint.

At the same time, Bonneville must ensure that the federal transmission assets are operated and reliably maintained to meet Bonneville's extensive statutory and contractual commitments. This already complex task will become even more complex as the ISO market brings new challenges and issues. The technical, operational, and contractual coordination that must accompany such an integration will be extensive and unprecedented. Bonneville needs to have a voice in this new paradigm to ensure that the interests of its diverse stakeholders are properly considered, while also giving Bonneville the opportunity to collaboratively work with the regional ISO and ISO participants toward potential increases in regional efficiency and reliability.

The Revised Proposal provides this voice by defining a role for PMAs in the development of the regional ISO through both the Transitional Committee and as a non-voting member on the Western States Committee. It is appropriate that the Revised Proposal proposes these positions for the PMAs even if they do not join the ISO as a Participating Transmission Owner (PTO) or as an Energy Imbalance Market (EIM) Entity. Close coordination and strong communication with the PMAs will be essential for efficient and reliable ISO operations. The Revised Proposal will allow the PMA views to be heard and considered at the policy level in an expanded ISO, and the PMA representative can contribute a unique perspective to the future direction of the expanded ISO.

The Significance of Western Collaboration

Diverse energy goals and efficient use of resources can be enhanced in the west when we work together. As a federal entity, Bonneville has historically played a unique role in significant moments of regional collaboration. The development of the Pacific Intertie, for example, was such a moment. This collaboration allowed multiple regions to realize the benefits and efficiencies to be gained from pairing the seasonal profile of the Northwest with the alternate seasonal profile of California and the Southwest. Since passage of the Pacific Northwest Electric Power Planning and Conservation Act in 1980, Bonneville has worked with regional states to develop energy efficiency, or conservation, as a resource.

In this decade, Bonneville has again collaborated to integrate nearly 5,000 megawatts of wind capacity to help meet state goals for carbon-free generation. Again, as a major power provider and transmission owner and operator in the west, coordination with Bonneville is critical to the success of an ISO expanding beyond California. Bonneville is pleased that the Revised Proposal recognizes the important role PMAs need to play in regional ISO development.

Revisions to the Proposed Transitional Committee:

The Revised Proposal provides additional clarity on the purpose and composition of the Transitional Committee that will be formed to recommend the bylaws and voting procedures for the regional ISO Board. This includes representation on the Transitional Committee for PMAs. Bonneville proposed the inclusion of the PMA perspective on the Transitional Committee and appreciates the revisions. The Revised Proposal includes a welcome diversity of interests from a variety of sectors that should be beneficial. Bonneville continues to urge that the Transitional Committee should first focus on the process for determining how to select an independent ISO Board and then how to construct a governance proposal that is centered on collaborative process and strives for consensus solutions.

Revisions to the Transition Period:

Bonneville notes that the Revised Proposal provides a course for moving more directly from the current CAISO Board to an independent ISO board without creating an interim Board. While Bonneville sees this as a step in the right direction, Bonneville recommends that any final proposal include seating of a new independent board to be in place when the ISO expands. Bonneville also recommends the existing CAISO Board be retained to complete remaining tasks specific to current CAISO functions for a limited period of time. This would allow the new Board to concentrate its full attention on the rules and structure of an expanded ISO and avoid dual commitments to both the old and the new.

Additionally, Bonneville again seeks clarification on whether and how the EIM Board and the Regional ISO Board will work together, possibly as one more specific assignment to the Transitional Committee. The EIM Board was recently established and it is unclear what the role of the EIM Board will be if the CAISO expands to a regional ISO.

Revisions Proposing a Western States Committee:

The Revised Proposal would establish a committee of representatives of each state in the ISO footprint, now called the Western States Committee, as well as a non-voting representative of public power and a non-voting representative from a PMA. Bonneville appreciates the recognition of the importance of the PMA role. The final proposal should allow some flexibility for the scope of authority of the Western States Committee to be refined and guided by the Transitional Committee. Doing so would provide more time for thoughtful discussion for a final recommendation on the Western State Committee's function and authorities.

Stakeholder Processes and Stakeholder Participation

Bonneville continues to support the design of an ISO stakeholder process that provides extensive collaboration by and among divergent regional interests. Bonneville would like to see a stakeholder process where stakeholders are not simply asked to comment on a proposal, but where stakeholders are involved in the formulation of the policy and proposal itself. This could be accomplished in many different ways. One method that Bonneville supports is the creation of some form of an advisory committee of utilities and constituents from sectors in the ISO's footprint that engages directly with the regional ISO Board. This will give the regional ISO the opportunity to hear directly from entities representing the major sectors in the ISO in one place. What role this committee would play can be determined later, but at the very least it should be a forum where major entities can advise the ISO on what is working, what is not, and what can be done better.

Conclusion

Bonneville appreciates the opportunity to submit comments in this proceeding and looks forward to further discussion of the governance structure for the proposed regional ISO.