

September 11, 2024

Submitted via E-mail (techforum@bpa.gov)

U.S. Department of Energy
Bonneville Power Administration
Transmission Services

Re: Comments of Savion on BP-26 and TC-26 August Workshops

Savion, LLC (“Savion”) appreciates the opportunity to provide comments to the Bonneville Power Administration (“Bonneville”) regarding the issues discussed at the BP-26 rate case and TC-26 tariff proceeding workshops held on August 27, 2024 and August 28, 2024 (“August Workshops”).¹ Savion reiterates that Bonneville should generally align its Generator Interconnection (“GI”) policies with the Federal Energy Regulatory Commission (“FERC”) but provides the following observations and recommendations when considering GI withdrawal penalties.

1. Bonneville Should Require Security Sufficient to Cover Withdrawal Penalties Rather Than Rely Upon its Authority to Collect Debts

At the August Workshops, Bonneville explained that it does not intend to require security deposits sufficient to cover potential withdrawal penalties assessed because the TC-25 did not include any such requirement and the agency had sufficient authority to bill and collect after an interconnection customer withdraws from the queue, if necessary.² However, Bonneville noted the agency retained the right to reconsider this decision in a future tariff proceeding.

Savion believes that the provision of security to cover withdrawal penalties is squarely within the issue of implementing withdrawal penalties, which Bonneville itself deferred until the current proceeding. It is axiomatic that withdrawal penalties are more meaningful, and will therefore provide a better incentive, if they are fully funded as opposed to relying upon the threat of a potential debt collection process perhaps ten or more years in the future (when Bonneville proposes to provide refunds).

¹ Additional details regarding the BP-26 and TC-26 proceedings, including the slide deck for the August Workshops (“August Slide Deck”) and customer comments are available at <https://www.bpa.gov/energy-and-services/rate-and-tariff-proceedings/bp-26-rate-case>.

² August Slide Deck at 138.



2. Bonneville Should Work With TC-26 Parties to Identify Efficiencies That Might Improve the TC-25 Cluster Study Process Timelines

At the August Workshops, Bonneville provided a timeline of the cluster study process that illustrates how much longer the agency's process is as compared to other transmission providers that have implemented FERC's cluster study process. By way of reminder, FERC's process is intended to be run annually whereas Bonneville's process is estimated to take at minimum three years. In response to questions about potentially streamlining the overall process timeline, Bonneville staff explained that it was not able to consider changes that might be inconsistent with the TC-25 settlement agreement.

Bonneville's position that it must uphold the TC-25 settlement should not foreclose the opportunity for parties to discuss potentially agreeable improvements in TC-26. For example, Savion observes an overabundance of time has been built into the Customer Review Periods (90 days) and Processing Time (~120 days) in both the Phase 1 and Phase 2 Cluster Studies. In Savion's experience working with Regional Transmission Organizations ("RTOs"), 15 Business Days is sufficient timing to make a decision to proceed. Likewise, subsequent clusters typically begin within 30 days of the end of the customer's review period. Acknowledging that the overall duration of the cluster process was not revealed until the very last moments of the TC-25 settlement, Savion wonders whether customers might prefer to make adjustments in TC-26 rather than wait for a subsequent TC proceeding, consistent with Bonneville's position on security.

3. Bonneville's Withdrawal Penalty Proposal is a Vast Improvement Over Doing Nothing

At the workshop, Bonneville discussed three alternatives for withdrawal penalties: 1) maintaining the status quo and not implementing any withdrawal penalties; 2) implementing penalties Bonneville describes as similar to FERC's Order No. 2023 rules; and 3) implementing penalties that are assessed earlier and more often than FERC's rules.³

Savion appreciates Bonneville's consideration of its earlier comments stressing the need for withdrawal penalties and advocating for consistency with FERC Order No. 2023, and thus, supports Alternative 2.

4. Bonneville Should Permit a "Penalty Free" Withdrawal Where Estimated Costs Increase from the Initial Cluster Study Report Rather Than the Preceding Cluster Study Report

Consistent with FERC rules, Bonneville intends to exempt customers from withdrawal penalties when forecasted Network Upgrades costs increase substantially, but Bonneville's process may need additional considerations.⁴

³ *Id.* at 140.

⁴ *Id.* at 143.



Bonneville proposes to exempt customers that have received either a 25 percent increase in costs as compared to the most recent preceding cluster study report or a 100 percent increase after a Facilities Study Report has been received.⁵

Savion's recommendation would mitigate against "cost creep" over the life of a cluster study process. In Savion's experience, costs may increase substantially if there are multiple restudies. In situations where cost estimates increase multiple times, but less than 25% at each step, interconnection customers may ultimately be presented with untenable forecasts but no ability to withdraw. Savion believes this is inconsistent with the spirit and nature of the overall intention for withdrawal penalties, and therefore asks Bonneville to consider whether exemptions should be considered from overall cost increases as opposed to looking at the preceding cost estimates. Cost creep is more significant when considering Bonneville's cluster study process, which may span more than three or four years, because material costs and inflation (even without any changes to engineering and design) may be significant.

5. Bonneville Should Use Withdrawal Penalties to Mitigate Harm to Other Interconnection Customers Rather

Bonneville's proposal to retain the funds collected from withdrawal penalties is inconsistent with FERC guidance and has not been adequately justified by the agency as appropriate. As explained at the August Workshops, Bonneville does not expect to collect withdrawal penalties and would prefer to use any fees that are collected for operational purposes.⁶ Savion believes that withdrawal penalties should be used to offset remaining customers' increased costs, not for operational purposes or to generally supplement transmission rates.

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Savion appreciates Bonneville's consideration of these comments and looks forward to working with customers throughout the BP-26 and TC-26 proceedings.

⁵ *Id.*

⁶ *Id.* at 144.

