

NIPPC comments on BPA Transmission Planning Reform
February 25, 2025

The Northwest and Intermountain Power Producers Coalition (NIPPC) is a membership-based advocacy group representing competitive electricity market participants in the Pacific Northwest and Intermountain region. NIPPC has a diverse membership including independent power producers and developers, electricity service suppliers, transmission companies, marketers, storage providers, and others. NIPPC is committed to fair and open-access transmission service, cost effective power sales, consumer choice in energy supply, and fair, competitive power markets in the Northwest and adjacent regions. Most of NIPPC's members are transmission customers of BPA. Furthermore, many of NIPPC's members are active in pursuing new interconnection service and new transmission service from BPA in order to serve the generation resource needs of current and future load customers in the Pacific Northwest.

NIPPC recognizes the challenges BPA faces in meeting the transmission demands of the region. Some states in BPA's footprint have adopted aggressive de-carbonization goals; these goals are driving a continuing shift away from existing fossil fuel fired generation to new renewable energy generation. Other policies are accelerating the growth of existing load customers and attracting new types of loads to the Pacific Northwest. NIPPC recognizes that the changing generation mix and the increase in load are placing pressure on BPA's ability to plan transmission expansions. NIPPC appreciates BPA's previous reform efforts taken to address these challenges, including the 2008 Network Open Season, the 2012 Transmission Service Expansion Planning ("TSEP") process and the TC-25 Interconnection Queue reforms. NIPPC looks forward to engaging with BPA and other stakeholders on a new set of transmission planning reforms for the

region. As we explore these issues as a region, we may find that a transmission expansion mechanism based on the aggregation of customer transmission service requests is no longer a viable solution for the region.

While looking forward to engaging with BPA on a suite of transmission planning reforms, NIPPC is concerned with the scope of the suspensions BPA has announced in processing transmission service requests. Given the volume of transmission service requests in the 2025 TSEP, NIPPC understands the rationale for suspending TSEP. With other processes, however, it is more difficult to understand the rationale for the suspension. For example, it appears that BPA intends to suspend the ability of customers with existing transmission rights to redirect those rights – even when a customer’s proposed redirect request has de minimis impacts on the system. A transmission customer’s ability to redirect its service on BPA’s system is one of the key attributes underlying commercial and trading activity in the region. Accordingly, NIPPC encourages BPA to reconsider its decision to suspend processing of customer redirects – especially when those redirect requests meet BPA’s de minimis criteria. We also encourage BPA to reevaluate the scope of the processes BPA has suspended to limit the impact to customers’ commercial and trading activities. While BPA’s system is heavily subscribed, BPA’s existing customers should not be restricted unnecessarily from accessing the flexibility that does remain in the system.

In addition to the number of processes that BPA has suspended, NIPPC has concerns regarding the duration of the suspensions. BPA provided a stakeholder process timeline that extends through November of 2025. Any reforms that require a tariff change or rate increase would have to then go through a record of decision process that would likely extend the timeline for reforms into the summer of 2026 at the earliest. NIPPC is concerned that this timeline is simply too long and that BPA must resume processing some transmission service requests earlier. NIPPC

encourages BPA to bifurcate its reform process. The first and early stages should focus on business practice or other changes that BPA can implement on an accelerated timeframe within its existing tariff and rates. Hopefully development of these transitional reforms would allow BPA to resume processing of some of its transmission service requests pending development, adoption and implementation of more robust reforms that require new tariff and rate provisions.

NIPPC appreciates BPA's mention during the customer engagement meeting of the White Paper¹ that NIPPC developed in cooperation with Renewable Northwest. NIPPC hopes that many of the recommendations in the White Paper will be considered and ultimately incorporated in this transmission planning reform process. NIPPC includes as an attachment here a status update from our perspective about the 22 recommendations we made in the White Paper, given the progress since its release with the Evolving Grid initiative and the formation of WestTEC.

The key question that any transmission planning process must answer is to identify the most cost effective and efficient expansion program needed to meet the transmission needs of customers in the region. Unfortunately, we have seen the limitations of a transmission expansion planning process that relies primarily on customer requests for service. We anticipate working with BPA to incorporate a scenario-based approach to planning that identifies the most cost-effective and efficient transmission expansion options. Specifically, we recommend that BPA consider how it could incorporate scenario planning, on both a 10- and 20-year basis, as part of its Attachment K planning process. We also encourage BPA to work with its transmission owning partners in the region to ensure that the NorthernGrid Order 1920 implementation filing will deliver on its potential to help the region answer the fundamental questions about how to expand the

¹ 'Appropriate and Required': BPA and Building the Grid the Northwest Needs. NIPPC and RNW, May 2023. Available at <https://nippc.org/wp-content/uploads/2023/05/BPA-Tx-Whitepaper-050323.pdf>

transmission grid. The NorthernGrid tariff development process is currently closed to many stakeholders, but we have heard hints that NorthernGrid is on track to develop a narrow set of reforms that continues to focus that planning effort on NERC reliability criteria and is not embracing the opportunity to tackle the primary problem that the Federal Energy Regulatory Commission identified in Order 1920 – that existing planning processes do not provide state policymakers with the information they need to make informed decisions with regard to transmission siting and generation procurement. Relying on a planning process to identify transmission expansions – as opposed to customer service requests – would also require NorthernGrid to adopt a more robust cost allocation mechanism. While we acknowledge the work that the Western Power Pool and its WestTEC process have undertaken to explore scenario planning on an interconnection-wide basis, we encourage BPA to consider how to apply similar tools to the regional planning process for the Northwest. NIPPC is aware that shifting to a study-based process for identifying transmission expansions will still require a separate mechanism to allocate access to those expanded facilities. NIPPC anticipates exploring those mechanisms in this reform process.

NIPPC is aware that BPA is considering whether to join a day-ahead market. Depending upon the outcome and timing of that decision, BPA may have additional options to consider regarding transmission planning and transmission service processing. As part of a decision to join a day-ahead market, BPA should explore in this reform process how it might implement and transition to a congestion revenue rights regime in place of the existing model of long-term firm point to point and network transmission service. We recognize that this exploration would necessarily have to consider modifications to the transmission requirements of the Western Resource Adequacy Program.

NIPPC cautions BPA against limiting its consideration of reforms to focus only on increasing the number of requirements that customers must satisfy in order to enter a transmission cluster study. Merely imposing additional requirements on transmission customers, such as readiness requirements, higher deposits, financial commitments and other hurdles may not be sufficient. Raising new barriers in an attempt to limit customer access to transmission expansions may simply increase the cost and risk for developers of new generation but without significantly limiting those customers' efforts to enter the transmission service queue, because to remain commercially viable under the current paradigm those customers must ultimately obtain transmission service. NIPPC notes that BPA and regional stakeholders recently reformed BPA's interconnection queue but that adding readiness criteria and withdrawal penalties does not seem to have significantly restricted customer interest in new interconnection service based on the number of customers entering the transition cluster. NIPPC would be willing work with BPA in an attempt to explore a set of potentially stricter requirements to apply to transmission service requests. NIPPC simply cautions that establishing a set of requirements on customers that limit the number of transmission service requests to a level that BPA can manage may be difficult to achieve without exposing developers to unreasonable levels of cost and risk that those developers would have to pass on to their customers. Overall, we believe that phased transmission expansion based on robust planning with the approval of state policymakers presents a superior path to successful reforms. Accordingly, we encourage BPA staff to explore the planning and transmission expansion methodologies (and cost allocation mechanisms) implemented by independent system operators and regional transmission operators around the country and consider whether any of those models can be adapted to meet the transmission needs of the Pacific Northwest.

Thank you for the opportunity to provide these initial comments. NIPPC and its members look forward to engaging with BPA and other stakeholders to develop a set of transmission planning reforms.

Status of NIPPC/RNW Whitepaper Recommendations (05/03/2023)

	Category	Recommendation	Forum/ entity	Status (9.20.24)
1	Planning process	Consider a wider array of transmission projects’ benefits.	WestTEC/ BPA*	In progress in WestTEC; BPA internal status unclear, apart from allusions in the new Bifurcated Commercial Model [†]
2		Regularly conduct proactive local and regional 20-year scenario planning, including a wide range of plausible (for example, at the 95 th percentile) but uncertain extreme weather conditions and a range of new generation resources, with robust stakeholder input.	WestTEC/BPA	In progress in WestTEC; BPA internal status unclear
3		Independently consider state policy requirements and other transmission demand drivers.	WestTEC/BPA	In progress in WestTEC; BPA internal status partially addressed through new Bifurcated Commercial Model for “Regionally Needed Projects” [†]
4		Consider a wider range of transmission portfolio future scenarios, including co-optimizing storage and other technologies, in the 10- and 20-year planning timeframes, that may identify “no regrets” or “least regrets” portfolios.	WestTEC/BPA	In progress in WestTEC; BPA internal status unclear

* Planning changes via WestTEC (hosted by WPP) would still require BPA to mirror the assumptions and practices developed there in its own internal planning. FERC Order 1920/1920-A has established new standards for FERC-jurisdictional transmission owners that BPA should adopt voluntarily. WestTEC will result in an Interconnection-wide transmission plan by the end of 2026, but executing projects identified in the plan will still rely on voluntary bilateral or multilateral negotiations.

[†] BPA’s May 16, 2024, Evolving Grid workshop about its transmission practices included material about a new Bifurcated Commercial Model and a new category of “Regionally Needed Projects.” BPA announced this new model during the workshop. Slides 46-52 from the workshop materials (repeated in subsequent workshops) are the extent of the information available to date about this potentially important new model. The slides are available here:

<https://www.bpa.gov/-/media/Aep/transmission/transmission-business-model/05-16-24-meeting-materials.pdf>.

5		Remain committed to regional and interregional planning with other transmission providers (recognizing that the best transmission solutions are sometimes regional or interregional, not contained within a single provider’s system).	WestTEC/BPA	In progress in WestTEC and through bilateral discussions BPA may be conducting
6	Business case for commercial transmission	Develop an open and transparent policy specifying the system benefits and revenue thresholds it considers in determining whether to offer customers service at an embedded or incremental rate.	BPA	Unaddressed [‡]
7		Ensure that a wider array of benefits is considered and deducted from the revenue requirement that must be met through subscriptions (or their functional equivalent).	BPA	Unaddressed in detail, but possibly alluded to in the new Bifurcated Commercial Model for “Regionally Needed Projects” [†]
8		Lower the apparently very high threshold of subscriptions (binding commitments to take transmission service) required to proceed to most construction.	BPA	Partially addressed, but few details provided, in the new Bifurcated Commercial Model with respect to “Regionally Needed Projects” [†]
9		Separately develop an analytical framework to consider how to incorporate into its long-term planning facilities that appear repeatedly in multiple planning studies but lack a critical mass of subscribers committing financially to upgrades.	BPA	Unaddressed

[‡] BPA released an updated Transmission Business Model (Version 5.0) on May 29, 2024. The new Business Model was not subject to public or customer comment but was partially responsive to prior customer input. The Business Model is written at a high level of overarching policy, whereas the NIPPC/RNW whitepaper recommendations target a more granular level about how specific potential transmission projects are analyzed and evaluated by BPA. The revised Transmission Business Model is available here: <https://www.bpa.gov/-/media/Aep/transmission/transmission-business-model/transmission-business-model.pdf>.

10	Participant funding	Develop a formal policy identifying the criteria under which it will conduct engineering, siting, and other pre-construction studies for transmission line upgrades at its own expense and identifying how those costs will eventually be recovered from customers.	BPA	Partially addressed. The first two tranches of Evolving Grid projects involve BPA committing to conduct some of the study work at its own expense. BPA has since provided somewhat more detail about its new Bifurcated Commercial Model and “Regionally Needed Projects,” albeit a policy that has not been subject to a stakeholder process [†]
11		Revisit and consider lowering the currently high letter of credit/deposit requirement for Transmission Service Request Study and Expansion Process (TSEP) subscribers, while addressing the need to protect against undue risks of stranded costs.	BPA	Unaddressed
12	Contracting innovation	Explore using BPA’s Transmission Business Line itself as an anchor, or backstop, tenant by exercising a “put option” on some carefully chosen commercial transmission built by BPA.	BPA	Unaddressed but possibly alluded to for “Regionally Needed Projects” [†]
13		Explore whether investor-owned utilities (IOUs) or other load-serving entities can and would be willing serve in some form as backstop subscribers for some new transmission capacity, perhaps until independent power producers fill in the capacity on a given line in the course of delivering power to those IOU offtakers.	BPA/IOUs/ state utility commissions	BPA has tentatively concluded that this approach is not feasible but may be worth revisiting.

14		Explore joint venture and partnership opportunities that rely on private capital and private projects to take initial development, construction, or subscription risk in lieu of BPA.	BPA et al	BPA appears to be pursuing this recommendation on its own through bilateral discussions and through WestTEC, including for Portland-area upgrades and through analyzing potential vacant rights-of-way in Oregon and Nevada.
15	Risk calculations	Revisit the core question of how much risk the agency will assume in pursuing a renewed transmission construction agenda, including an analysis of potential benchmark levels of risk (for example, outcomes modeled at a 95 th percentile).	BPA	Unaddressed, apart from the decisions made in the first two tranches of Evolving Grid projects that implied a somewhat greater appetite for defensible risk
16		Review and share with stakeholders whether past transmission investments have actually resulted in any stranded assets (and whether the stranding was temporary or persistent).	BPA	Unaddressed
17		Analyze and consider new revenue opportunities to the agency from having and selling more transmission capacity through a variety of existing and potentially new transmission products.	BPA	Unclear if this analysis has occurred within BPA
18	Process	Conduct an iterative customer-facing initiative to consider and make the changes recommended above, including an active effort to solicit the perspective of state regulatory commissions.	BPA	Evolving Grid workshops, the revised Transmission Business Model, and the revised BPA Strategic Plan have

				shared more information and shifted BPA's transmission focus, but they have been largely one-way reporting out or decision-making by BPA. The broader need for a two-way customer/BPA initiative could be addressed now.
19		Following such an initiative, conduct a formal tariff revision process to incorporate those reforms into its business practices or its transmission tariff, but in the tariff only to the extent a given reform requires such a revision.	BPA	Unaddressed to date
20		Advocate within NorthernGrid for the adoption of similar reforms in the planning processes of NorthernGrid and any successor organization.	NorthernGrid	NorthernGrid's approach to compliance with FERC Order 1920/1920-A remains pending.
21	Transparency	In considering and implementing the above-described processes and reforms, BPA should make the processes and decision points about reform transparent, including by ensuring that BPA's website acts as a repository of up-to-date information, as well as relevant historical documents.	BPA/ NorthernGrid	The Evolving Grid process has improved some of the information shared with customers and stakeholders. But the launch of a decision-making initiative with iterative customer feedback

				(recommendation 18) to consider specific policy changes is needed.
22	Compensation	In order to support BPA recruiting and retaining the necessary transmission planning, business case, and associated transmission staff to carry out the reforms proposed in this whitepaper, Congress should pass competitive compensation reform for BPA.	Congress	In progress