



April 19, 2011

VIA EMAIL

Stephen J. Wright
Administrator
Bonneville Power Administration
PO Box 3621
Portland, Oregon 97208-3621
sjwright@bpa.gov

RE: Bonneville Power Administration's Record of Decision on Environmental Redispatch and Negative Pricing Policy

Dear Mr. Wright:

The Washington Public Utility Districts Association comprises nineteen preference customers of the Bonneville Power Administration and has followed BPA's extensive public process conducted in response to the events of last June. We support BPA's approach in its "Record of Decision on Environmental Redispatch and Negative Pricing Policy," and request BPA adopt the policy as a Record of Decision and finalize the draft "Business Practice" as the best response to future occurrences of high wind, high water events.

In June 2010, the Northwest experienced "overgeneration" conditions when spring runoff in the hydro system threatened to create excessive spill in violation of legal requirements to protect fish from gas supersaturation. In order to avoid harmful spill, BPA was forced to back down thermal generation and wind generation to protect these species and preserve system reliability.

According to the Northwest Power and Conservation Council's Draft "Effects of an Increasing Surplus of Energy Generating Capability in the Pacific Northwest," the Pacific Northwest is facing building renewable resources in excess of load growth for the next 15 – 20 years. Thus, not only is this situation likely to reoccur, it is likely to occur regularly and over greater periods of time.

After seven months of analysis and extensive formal and informal discussions with customers, BPA put forth a very reasoned and balanced approach. The draft agency ROD lays out a plan to adhere to statutory requirements under the Clean Water Act, Endangered Species Act, and Northwest Electric Power Planning and Conservation Act. It also describes over a dozen measures that will be taken to reduce the spill *before* considering redispatch of thermal and then variable resource units.

As an Association with 21 public utility district members (two of whom are not preference customers of BPA) and Joint Operating Agency Energy Northwest, we have members that

generate both renewable and thermal resources and members that are distribution utility customers of BPA. All of our PUD members that are customers of BPA preference power are primarily responsible for paying for their share of BPA's operating costs, and we are concerned about the rate impacts of any divergence from the proposed ROD that involves paying entities to take replacement federal hydropower. Our members with wind generation are in agreement that generators should pay their costs of the system, and not cause other customers of BPA to incur costs that they do not cause. We believe across our membership, both generating and distribution utility members, that BPA has achieved a reasonable balance regarding environmental redispatch and negative pricing to apply in 2011. We intend to work with the Agency and other parties to refine it over time.

We appreciate your consideration on behalf of our members.

Sincerely,



George Caan
Executive Director

cc: Senator Maria Cantwell
Senator Patty Murray
Representative Jay Inslee
Representative Rick Larsen
Representative Jaime Herrera Beutler
Representative Doc Hastings
Representative Cathy McMorris Rodgers
Representative Norm Dicks
Representative Jim McDermott
Representative Dave Reichert
Representative Adam Smith
Dr. Steven Chu, Secretary of Energy