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**PNGC Power Comments to BPA on “Transmission Adequacy Standard:
Planning for the Future”**

BPA’s September 2004 paper entitled “Transmission Adequacy Standard: Planning for the Future” is an excellent explanation of the various problems facing transmission planners today. It lays out the structural and technical problems which have made transmission expansion very difficult in the post-FERC Order No. 888 era of separation of the transmission and power sides of the electric utility business. It also identifies that transmission problems cause not only physical reliability problems (measured by such metrics as transient stability, voltage stability, and power flows) but also economic reliability problems (measured by price volatility, market power abuse, and overall cost of delivered power.)

BPA correctly identifies that the interconnected nature of the grid means that any adequacy standards should apply to all transmission in the region. The danger of BPA proceeding with transmission adequacy standards on its own, and the resultant planning and expansion activities, is that BPA customers will foot the bill for the region’s transmission adequacy. Further, BPA needs to be able to address adequacy standards for its GTA customers who are served off of other transmission providers’ systems. All this points to the need for the transmission adequacy effort to be undertaken by the region as a whole, and not by BPA in isolation.

BPA points out in its paper that “full development of such standards or metrics may require an independent or impartial entity to apply and verify compliance.” We strongly believe that such an entity is required for those reasons as well as to perform independent planning studies, and provide an independent evaluation of cost responsibilities among parties, and a mechanism to get the transmission built. An independent entity would address concerns about confidentiality, provide assurance of prudence and impartiality to the regulatory recovery process, and provide the much needed process of allocation of costs and dispute resolution - a way to get needed transmission planning and expansion activities off-the-dime.

We believe BPA's Transmission Adequacy Standards should be developed through existing transmission forums such as Grid West or the NWPP Transmission Planning Committee and implemented through an independent regional entity. If BPA develops its own standards, then it must proceed with extreme caution to protect its transmission customers from bearing the adequacy burden for the whole region.

We look forward to working with BPA and others to develop a regional transmission adequacy standard and are encourage by BPA's clear recognition of the problem.

Sincerely,

/s/ Aleka Scott November 17, 2004

Aleka Scott

Manager of Transmission and Contracts