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April 8, 2011

Department of Energy
Bonneville Power Administration
Transmission Services
P.O. Box 64109
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Via Email: techforum@bpa.gov

Re: Comments of Puget Sound Energy, Inc. on Bulletin “Appendix C of LGIA Modification Relating to Environment Redispatch and Other Dispatch Standing Orders”

Dear Ladies and Gentlemen:

In this letter, Puget Sound Energy, Inc. (“PSE”) comments on certain issues regarding the bulletin entitled “Appendix C of LGIA Modification Relating to Environment Redispatch and Other Dispatch Standing Orders,” dated April 5, 2011 (the “LGIA Appendix C Bulletin”). PSE thanks Bonneville Power Administration (“BPA”) for the opportunity to comment and to work cooperatively with BPA on these issues.

By submitting these comments on the LGIA Appendix C Bulletin, PSE does not concede that BPA should adopt the proposed Environmental Redispatch protocol and Negative Pricing Policy. Indeed, BPA should not adopt the proposed Environmental Redispatch protocol and Negative Pricing Policy for the reasons set forth in PSE’s comments dated March 10, 2011, on the draft Record of Decision on BPA’s proposed Environmental Redispatch protocol and Negative Pricing Policy.

The LGIA Appendix C Bulletin states that BPA will unilaterally modify Appendix C to existing and future LGIAs to include a provision for Environmental Redispatch:

Pursuant to its authority under Article 9.3 of the LGIA, BPA will unilaterally modify Appendix C for existing LGIAs to include the following provision for Environmental Redispatch. This modification will also update all existing LGIAs that do not currently reference Dispatch

Standing Order 216. This language will also be included in all future LGIAs . . .

BPA should clarify this proposed language to indicate clearly that BPA's unilateral modification of Appendix C to LGIAs would only apply to LGIAs for generators in BPA's Balancing Authority Area. Modifications of LGIAs of non-federal generations not in BPA's Balancing Authority Area are unnecessary because only "non-federal generators in BPA's Balancing Authority Area are subject to ER." Draft Business Practice Environmental Redispatch, Version I, at page 1 (posted on March 18, 2011).

As stated in PSE's comments dated March 10, 2011, the Federal Energy Regulatory Commission order upon which BPA relies in its assertion of authority to amend Appendix C to the LGIA unilaterally merely indicates that BPA "has the responsibility for establishing the Interconnection Customer's operating instructions and operating protocols and procedures" and that "the Transmission Provider is primarily responsible for identifying the *applicable reliability criteria*". *U.S. Dep't of Energy, Bonneville Power Admin.*, 112 F.E.R.C. ¶ 61,195, at paragraph 20 (2005) (emphasis added).

Nothing in this statement provides to BPA a right to amend Appendix C to the LGIA unilaterally, particularly when an amendment to implement the proposed Environmental Redispatch Protocol would not concern either operating instructions or operating protocols or procedures. Further, it does not appear that BPA Environmental Redispatch arises out of concerns regarding transmission reliability. Notwithstanding the foregoing, BPA should clarify its proposed language to indicate clearly that BPA will not unilaterally amend any Appendix C to an LGIA if such Appendix C expressly states that it may be amended or modified only upon the mutual agreement between BPA and the interconnection customer. In such cases, BPA has made express contractual commitments that it would not unilaterally amend or modify the Appendix C, and BPA should be clear that it will honor its contractual commitments.

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PSE appreciates BPA's review of these comments and consideration of the requests and recommendations contained herein. By return e-mail, please confirm BPA's receipt of these comments.

Very truly yours,

Puget Sound Energy, Inc.

By 
Title Director, Energy Supply & Planning