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TESTIMONY of

REBECCA E. FREDRICKSON, KELLY JOHNSON, and KATHERINE K. SHECKELLS

Witnesses for Bonneville Power Administration

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4
5 **SUBJECT: Tariff Settlement**

6 **Section 1: Introduction and Purpose of Testimony**

7 *Q. Please state your names and qualifications.*

8 A. My name is Rebecca E. Fredrickson, and my qualifications are contained in
9 TC-25-Q-BPA-01.

10 A. My name is Kelly Johnson, and my qualifications are contained in TC-25-Q-BPA-02.

11 A. My name is Katherine K. Sheckells, and my qualifications are contained in
12 TC-25-Q-BPA-03.

13 *Q. What is the purpose of your testimony?*

14 A. Our testimony describes Staff's proposal to revise BPA's Open Access Transmission
15 Tariff (Tariff) as outlined in the settlement agreement (TC-25 Settlement
16 Agreement) developed in discussions among Staff, customers, and other
17 stakeholders earlier this year. Staff recommends that the Administrator adopt the
18 TC-25 Settlement Agreement and the proposed tariff revisions in this proceeding.
19 The TC-25 Settlement Agreement is included as Attachment 1, TC-25-E-BPA-01-
20 AT01, to our testimony.

21 **Section 2: TC-25 Settlement Agreement and Proposed Reforms to Large Generator**
22 **Interconnection Procedures**

23 *Q. Please describe the proposed tariff revisions in Staff's Initial Proposal.*

24 A. Staff proposes revising the Standard Large Generator Interconnection Procedures
25 (LGIP) in Attachment L of the Tariff and adding a new attachment, Attachment R,
26 that sets out a process to transition from the current LGIP to the new procedures.

1 The complete Tariff that Staff proposes for adoption, including the revised
2 Attachment L and new Attachment R, is provided as Attachment 2, TC-25-E-BPA-01-
3 AT02.

4 *Q. Please describe BPA's current approach to processing large generator interconnection*
5 *requests.*

6 *A.* "Large" generator interconnection involves requests to interconnect a generator
7 exceeding 20 megawatts to BPA's transmission system. After a customer submits a
8 large generator interconnection request, BPA enters the request into a "queue" with
9 all the other pending requests and then processes and studies the request consistent
10 with the LGIP. BPA's current approach to processing large generator
11 interconnection requests relies on a "first-come, first-served" serial process that
12 addresses each request individually, respecting the order in which it was received.
13 The process involves performing a series of interconnection studies for each request
14 on an individual basis before the request is offered an interconnection agreement.

15 *Q. Why is Staff proposing to reform BPA's current approach?*

16 *A.* The current approach has proven ineffective at addressing the constantly increasing
17 demand for interconnection to BPA's system. Currently, BPA's interconnection
18 queue includes requests totaling more than 120 gigawatts, and BPA receives new
19 requests every week. We estimate that if BPA were to continue processing requests
20 under the current approach, the studies would not be finished until 2037. This does
21 not even account for the fact that if a request withdraws or encounters
22 complications that delay completion of the studies or other progress, it can affect
23 the timing of processing of requests further down the queue. BPA is currently facing
24 a backlog in the completion of studies of pending requests due to the number of
25 requests BPA receives, the inefficiency in addressing each request individually, and
26 complications associated with withdrawal of requests and other issues. BPA needs

1 to reform the LGIP to increase the efficiency and speed of queue processing. The
2 proposed Tariff revisions would replace the current approach with a first-ready,
3 first-served cluster study process.

4 *Q. What is a first-ready, first-served cluster study process?*

5 A. A first-ready, first-served cluster study process means interconnection requests
6 must meet certain readiness requirements to be eligible for a study. Once these
7 requirements are met, the eligible requests are then grouped and studied in
8 clusters, or groups of geographically or electrically similar requests. This approach
9 will allow BPA to more efficiently study and process requests. The readiness
10 requirements will help ensure requests are less likely to be withdrawn, and the
11 cluster study will allow BPA to evaluate requests in a group, or cluster, as opposed
12 to individually in queue order.

13 *Q. What was the process Staff undertook to develop the proposed reforms?*

14 A. Staff reviewed the Federal Energy Regulatory Commission's (FERC) Notice of
15 Proposed Rulemaking (NOPR): Improvements to Generator Interconnection
16 Procedures and Agreements, issued on June 16, 2022 (179 FERC ¶ 61,194), and
17 evaluated LGIP reforms previously approved by FERC.

18 *Q. Was there a public process for sharing the proposed reforms with stakeholders?*

19 A. Yes. In preparation for a TC-25 tariff proceeding, Staff initiated pre-proceeding
20 workshops with customers and stakeholders to discuss possible reforms to BPA's
21 LGIP to implement a first-ready, first-served cluster study process. BPA Staff led
22 five workshops and hosted two additional customer-led workshops. The workshop
23 process began on February 16, 2023, and concluded on June 15, 2023. During these
24 workshops, Staff and the participants discussed options to reform the LGIP in order
25 to implement a first-ready, first-served cluster study process. At the conclusion of

1 the workshops, Staff shared its leanings regarding an initial proposal for the TC-25
2 tariff proceeding.

3 *Q. Please describe how Staff and interested parties developed the TC-25 Settlement*
4 *Agreement.*

5 A. Near the end of the workshop process, Staff reached out to customers and other
6 interested stakeholders to see if there was an interest in discussing the potential for
7 settlement of the reforms Staff would propose in the TC-25 tariff proceeding. Based
8 on the customer and stakeholder feedback that Staff received, Staff held several
9 settlement discussions that lasted through the end of August 2023. Those
10 discussions resulted in development of the TC-25 Settlement Agreement and the
11 proposed Tariff revisions Staff recommends for adoption in this proceeding.

12 *Q. Please describe the TC-25 Settlement Agreement.*

13 A. The TC-25 Settlement Agreement documents the terms of settlement Staff proposes
14 to address all issues in the TC-25 tariff proceeding. Appendix 1 to the TC-25
15 Settlement Agreement is a term sheet that includes provisions related to BPA's LGIP
16 and other issues. Appendix 2 includes the proposed revisions to the LGIP and the
17 new Attachment R.

18 The TC-25 Settlement Agreement also includes various other commitments
19 by BPA to implement certain business practices and conduct workshops on topics
20 for the next Tariff proceeding. These commitments cover topics that are outside the
21 scope of this proceeding.

22 *Q. Are you aware of any opposition to the proposed adoption of the TC-25 Settlement*
23 *Agreement?*

24 A. No. After settlement discussions concluded at the end of August, Staff posted the
25 TC-25 Settlement Agreement on BPA's website, sent notice through BPA's Tech
26 Forum email distribution list, and requested prospective parties notify Staff by

1 September 15, 2023, if there were any objections. None of the responses Staff
2 received at that time indicated an intent to object to the TC-25 Settlement
3 Agreement.

4 *Q. Will parties in the TC-25 tariff proceeding have an opportunity to raise objections to*
5 *the TC-25 Settlement Agreement?*

6 *A.* Yes. BPA will file a motion with the Hearing Officer to establish a deadline for
7 parties to raise any objections on the record in the proceeding. Any party that
8 opposes adoption of the proposed settlement will need to file an objection
9 consistent with the Hearing Officer's order.

10 *Q. Please provide more detail about the proposed Tariff revisions in the TC-25 Settlement*
11 *Agreement.*

12 *A.* As described above, Staff is proposing to implement a first-ready, first-served
13 cluster study process. The proposed Tariff revisions provide for a two-phase cluster
14 study process; requirements for site control and commercial readiness; increased
15 deposits for studies; adjusting the interest on refunds of study deposits; allocation of
16 study costs and network upgrade costs within a cluster; identification of plans of
17 service (scalable plan blocks) for requests within a cluster, where applicable; study
18 flexibility to allow co-location of resources in a single request; and determination of
19 points of interconnection.

20 The new Attachment R establishes the process for transitioning from the
21 current approach to the new procedures. Under Attachment R, this "Transition
22 Process" is available to interconnection requests submitted into BPA's
23 interconnection queue by 15 calendar days after publication of the Federal Register
24 Notice initiating this proceeding, which falls on November 22, 2023. The terms in
25 Attachment R outline how these requests may qualify and participate in the
26 Transition Process either as a Late-Stage Project, which would continue through the

1 serial study process, or as a Transition Project, which would participate in the two-
2 phase first-ready, first-served cluster study process.

3 *Q. What is the proposed effective date of the new Tariff?*

4 *A.* Upon adoption by the Administrator in the Final Record of Decision, the effective
5 date of the Tariff will be June 30, 2024.

6 *Q. Please summarize the reasons you recommend adoption of the reforms in the new
7 Tariff and the TC-25 Settlement Agreement.*

8 *A.* As discussed above, BPA needs to reform the LGIP to help increase the speed of
9 processing interconnection requests and address the large quantity of requests
10 delayed in BPA's queue. BPA's current approach has led to a backlog of pending
11 requests that result in increasing study complexity and delays in processing
12 requests due to the large volume of requests in the queue, inefficiencies in studying
13 requests individually, and complications associated with withdrawals of requests.
14 Additionally, BPA continues to receive new requests on a regular basis, increasing
15 the backlog of pending requests. Without some action, the problems BPA currently
16 is experiencing will only worsen. Through the pre-proceeding workshops and
17 settlement discussions, Staff, customers, and other regional stakeholders were able
18 to collaborate on a set of reforms to help address these issues. The TC-25
19 Settlement Agreement reflects that regional collaboration and a consensus about a
20 new path forward for BPA on large generator interconnection. The settlement and
21 discussions that preceded it should help to reduce controversy over the transition to
22 a new approach. Reducing controversy should make for a shorter TC-25 tariff
23 proceeding and help Staff move forward more efficiently with implementation of the
24 new approach.

25 *Q. Does this conclude your testimony?*

26 *A.* Yes.

