

**UNITED STATES OF AMERICA**  
**FEDERAL ENERGY REGULATORY COMMISSION**

Preventing Undue Discrimination and ) Docket Nos. RM05-25-000  
Preference in Transmission Service ) and RM05-17-000

**STATEMENT OF NATALIE MCINTIRE**  
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**OCTOBER 12, 2006 TECHNICAL CONFERENCE**  
**PANEL ON REDISPATCH AND CONDITIONAL FIRM SERVICE**

Thank you for the opportunity to participate in this workshop. My name is Natalie McIntire and I am a Senior Policy Associate at the Renewable Northwest Project. The Renewable Northwest Project (RNP) is a regional non-profit advocacy and policy organization working to increase the generation and sales of renewable energy. Our member organizations include energy companies, consumer organizations, and environmental groups.

I was a participant in the workshop FERC held in Portland, Oregon in March of 2005 to discuss the details of the conditional firm proposal which RNP and the Bonneville Power Administration worked on together. In addition, RNP has filed comments on conditional firm jointly with other organizations following that March workshop, and in response to the Commission's recent NOPR on OATT reform.

We have been very pleased with the Commission's interest in developing both

conditional firm and redispatch products as tools utilities can use to make more efficient use of their existing transmission system. These products can help to bring on new generation resources to serve load, and in some cases provide a bridge until new transmission lines are built.

Because my knowledge is greater on the necessary elements of a conditional firm product than on the details of a redispatch service, my comments will focus on conditional firm. However, I would like to make a few brief comments on the importance of both of these tools for transmission providers.

Utilities and transmission providers are experiencing greater use of the transmission grid for more complicated market transactions than ever before. At the same time, there has been limited investment in transmission additions over the past decade. Redispatch and conditional firm can make greater use of many transmission paths that are congested on a contractual basis, but where capacity has been shown to be available in all but a small number of hours of the year.<sup>1</sup> We believe that the Commission should not be asking which one of these products is appropriate for transmission providers. Instead the Commission should be requiring that transmission providers use both of these products to offer new transmission service. In some cases, conditional firm service may be less costly than redispatch, and may provide a solution to a customer's needs even if redispatch is unavailable. For many utilities, conditional firm

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<sup>1</sup> For data showing under utilization of transmission paths, see Attachment 1 from the Western Governor's Association Clean and Diversified Energy Initiative Transmission Report, originally from the study work of the Seams Steering Group – Western Interconnection. This graph can be found on page 22 of the report at <http://www.westgov.org/wga/initiatives/cdeac/TransmissionReport-final.pdf>.

may be simpler to implement. Ultimately, for both of these products to enable the financing and construction of new generation resources it is essential that customers be able to predict, with as much certainty and transparency as possible, the cost of obtaining these new transmission products before they confirm the reservations.

In months where no firm capacity is available, two options for offering a Conditional Firm product have been discussed. Customers could take conditional firm service subject to a defined contingency (“Contingency Option”), or subject to being curtailed for a defined number of hours in a defined period (“Curtable Hours Option”). We believe both of these options can be implemented, however, the “curtable hours option” provides the greater certainty that will be more likely to result in transmission contracts that can enable new generation resources to get financing.

Conditional firm service has been discussed in detail through a public process at Bonneville Power Administration. Many of the implementation details have been considered and addressed and we believe this product is viable. I want to briefly describe some of the key elements of a conditional firm product that we believe are critical to making it workable for financing new generation.

- Conditional firm should be a long-term transmission service offered in queue order to customers who request long-term firm transmission.
- In months where transfer capability is available, customers should be given firm service and treated like all other firm customers.
- During months when no firm ATC is available, the conditional firm customer

should be curtailed with other network non-firm (or secondary network) customers for up to the defined number of conditional hours or under the specified contingency.

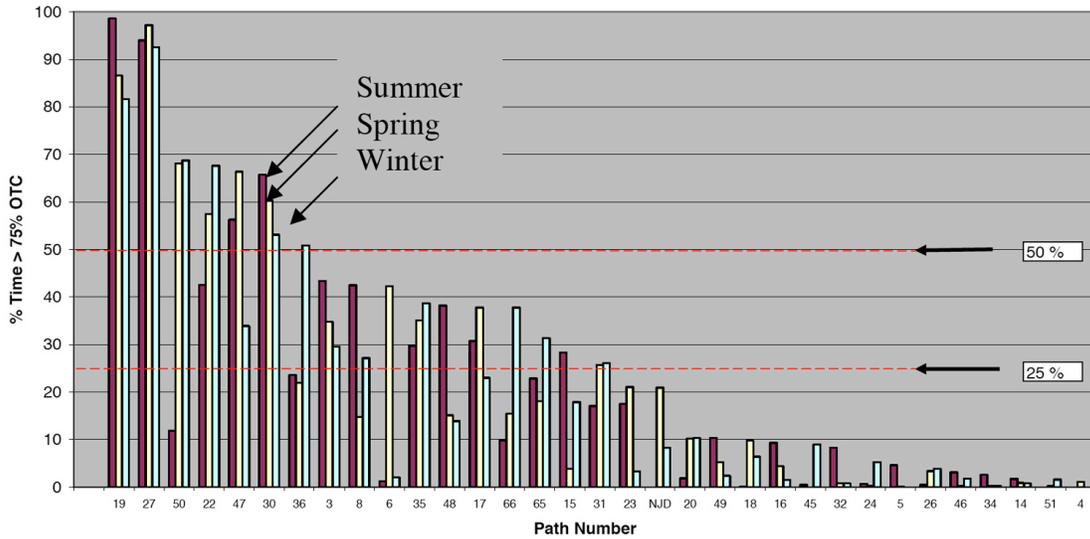
- The defined number of hours or the contingency must be set at the beginning of the contract and should not change during the contract.
- This network non-firm curtailment priority should only be invoked to maintain reliability, and should not be called on for economic reasons.
- If conditional firm is being used as a bridge product until such time as new lines are constructed, customers must be informed of any requirement for financial contribution to that upgrade at the beginning of the contract. Costs for upgrades can significantly change a new generation project's balance sheet and therefore must be considered up front.
- Conditional firm transmission must allow utilities to designate a resource as a network resource.
- All conditional firm contract amounts should be treated as firm obligations when determining the amounts of firm and non-firm transmission available for future periods.
- Sales of short-term firm must not significantly degrade the value of conditional firm contracts. This can be accomplished by treating conditional firm customers like all other firm customers during periods when the transmission provider sells short-term firm on the same constrained path.

Having worked over time with Bonneville to identify critical implementation details for a conditional firm product, we recognize that there is more than one way to implement this product. Therefore, we suggest that the Commission task a group of stakeholders with working through the details of these products, which would allow the Commission to include a workable set of criteria for new products in its revised OATT.

Thank you for the opportunity to provide input in this panel, and I will be happy to answer any questions.

**Attachment 1**

**Path Loading - % of Time > 75% of Path OTC during a Seasonal Period**  
**Maximum Seasonal Loadings for each Path**  
**Winter 98-99 thru Spring 2002**



Source: *Western Interconnection Transmission Path Flow Study*, SSG-WI, February 2003