

UNITED STATES OF AMERICA
U.S. DEPARTMENT OF ENERGY
BEFORE THE
BONNEVILLE POWER ADMINISTRATION

2012 RATE ADJUSTMENT PROCEEDING

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Docket No. BP-12

**MOTION OF BONNEVILLE POWER ADMINISTRATION
TO STRIKE PORTIONS OF THE DIRECT TESTIMONY
OF IBERDROLA RENEWABLES, INC.**

INTRODUCTION

Pursuant to Rule 1010.11(d) of BPA's Rules of Procedure Governing Rate Hearings, the Bonneville Power Administration (BPA) hereby moves the Hearing Officer for an order striking certain portions of the direct testimony filed by Iberdrola Renewables, Inc. (Iberdrola), BP-12-E-IR-01.

The material specified below should be struck because it discusses the issues of firm contingent e-Tags and Open Access Transmission Tariff (OATT) reciprocity, both of which are outside of the scope of this rate case.

ARGUMENT

The Administrator has the sole discretion to determine the scope of this rate proceeding. Section 1010.3(f) of the Rules of Procedure Governing BPA Rate Hearings provides that the Administrator shall decide the information determined to be pertinent to the rate proceeding. BPA filed its Federal Register Notice (FRN) providing notice on the FY 2012-2013 proposed power rates adjustments on November 18, 2010. The FRN provides in pertinent part that:

Pursuant to § 1010.3(f) of BPA's Procedures, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that seeks in any way to revisit the appropriateness or reasonableness of any other issues related to the generation inputs or Ancillary and Control Area Services. This exclusion includes, but is not limited to, issues regarding reliability of the transmission system, and existing or proposed Transmission Services dispatcher standing orders, **e-Tag requirements**, and business practices. These non-rates issues are generally addressed by BPA in accordance with industry, reliability, and other compliance standards and criteria and are not matters appropriate for the rate proceeding.¹

In their direct testimony Iberdrola discusses the issue of firm contingent e-tagging on three occasions. The FRN quoted above clearly excludes “e-Tag requirements” from the rate case. The three instances cited below where Iberdrola discusses these e-Tag issues should be struck from their testimony.

An e-Tag contains the information associated with scheduling a generator to a load. A “firm contingent” e-Tag can be curtailed when certain conditions are met in the source balancing authority area, at which time the sink balancing authority must be prepared to compensate for the loss of the energy.

The issue of e-tagging energy is an operational issue handled in accordance with industry, reliability and other compliance standards and criteria. Currently wind generation is tagged as firm energy, but BPA Staff made an assumption about the requirements for use of firm contingent e-Tags in order to prepare studies for the Initial Proposal in this rate case. These assumptions were based on the best information available at the time and have no bearing on the actual outcome of any decision to require wind generation to use firm contingent e-Tags.

¹ Fiscal Year (FY) 2012–2013 Proposed Power Rate Adjustments Public Hearing and Opportunities for Public Review and Comment, 75 Fed. Reg. 70,744, 70,746 (Nov. 18, 2010) (emphasis added).

Currently BPA is exploring the operational issues pertaining to e-Tag requirements for wind generation with the members of the Northwest Power Pool, which includes some of the parties to this rate case. Because these discussions are ongoing and are not dependent on the outcome of this rate proceeding, it is important that the topic of e-Tag requirements remain outside of this rate proceeding to allow that process to continue without the potential for violations of the *ex parte* rule.

In addition to e-tagging, Iberdrola discusses issues involving BPA's reciprocity OATT. Iberdrola's statement on BPA's reciprocity OATT is an opinion on the appropriateness or reasonableness of a decision on whether or not BPA will have a reciprocity OATT, which is a decision to be made by the Administrator outside this rate proceeding. Pursuant to the language of the FRN Iberdrola's attempt to "revisit the appropriateness or reasonableness" of this issue is outside the scope of this rate proceeding and Iberdrola's discussion of BPA's reciprocity OATT cited below should be struck from their testimony.

1. The Hearing Officer Should Strike Page 14, Line 14 Through Page 15, Line 3 of BP-12-E-IR-01

Starting on page 14, line 14, the witnesses for Iberdrola are asked and then answer the question of whether Bonneville's Initial Proposal would "consider energy deliveries from VERS to be 'firm.'" The answer to this question ends on page 15, line 3.²

² The material to be stricken is demonstrated in Attachment 1.

2. The Hearing Officer Should Strike Page 33, Lines 14 Through 15, and the Words “and must tag its generation Firm Contingent” on Lines 19 Through 20 of the Same Page of BP-12-E-IR-01

On page 33, the witnesses for Iberdrola discuss circumstances for self-supply. Specifically, lines 14 through 15 state, “Bonneville requires the VER to submit Firm Contingent e-Tags for its VER generation,” and lines 19 through 20 say that in some circumstances a VERBS customer “must tag its generation Firm Contingent.”³

3. The Hearing Officer Should Strike Page 42, Lines 8 Through 17 of BP-12-E-IR-01

Starting on page 42, line 8, the witnesses for Iberdrola are asked and then answer the question of whether “are there practical problems with Bonneville’s proposal to require wind generation in its BAA to be tagged as Firm Contingent.” The answer to this question ends on the same page on line 17.⁴

4. The Hearing Officer Should Strike Page 9, Line 16 Through Page 10, Line 2 of BP-12-E-IR-01

Starting on page 9, line 16, the witnesses for Iberdrola are asked and then answer the question, “Should Bonneville offer reciprocity OATT service.”⁵

³ The material to be stricken is demonstrated in Attachment 2.

⁴ The material to be stricken is demonstrated in Attachment 3.

⁵ The material to be stricken is demonstrated in Attachment 4.

CONCLUSION

WHEREFORE, Bonneville respectfully requests that the Hearing Officer grant this motion to strike.

DATED this 9th day of February, 2011.

Respectfully submitted,

/s/ Ethan Falatko

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