

## **Comments submitted by Upper Midwest Energy and Environmental Organizations**

We, the undersigned, are energy and environmental organizations based in the Upper Midwest. We work in states inside and outside the WAPA system, but collectively we understand that the nation's electric grid is an increasingly integrated system that needs to be modernized in order to serve the nation with reliable, economical and cleaner power.

We are supportive of the DOE's and WAPA's efforts to increase operational efficiencies, rationalize and improve transmission products and services and aid in the integration of variable energy resources as outlined in the draft recommendations. However, we feel that the recommendations do not rise to the expectations presented by Secretary Chu that the federal Power Marketing Authorities provide leadership to build a more secure and sustainable electric sector. Nor do they address the challenges presented by climate change and that climatic variation is posing now to federal hydropower resources, especially in the Upper Great Plains.

The Upper Great Plains hydrological system has in the past several years cycled from extreme drought to flood back to drought. These cycles, and competing uses for water resources, have and will continue to affect the adequacy of WAPA delivered electric power, the need for supplemental power, and the cost and availability of electric power for WAPA customers.

Federal hydropower needs to be supplemented, augmented and preserved by the abundant renewable resources available in the West. Adding renewables, especially wind power, will mitigate challenges to water resources, defray the cost of supplemental power, provide economic development opportunities and help meet the challenge of climate change. WAPA itself should consider purchasing renewable power under long-term Power Purchase Agreements to meet the needs of its customers.

Through providing a "road to market" for renewable generation, and providing efficient ways to integrate and transmit renewable resources, WAPA and its preference customers will benefit from efficiencies and cost-sharing and the economic development of resources in the region.

In short, we believe that there needs to be robust planning processes carried out by WAPA, its regions and preference customers that directly address the challenge of changing climatic conditions and the integration of Variable Energy Resources on a large scale. The draft does recommend that the WAPA customer resource planning process, the Energy Planning and Management Program, should be improved through customer training and quality assurance to ensure consistency, conformity and accuracy.

However, WAPA should evaluate now, not in five years, whether the EPAMP process needs to be updated. Such criteria as "cost, market potential, consumer preferences, environmental impacts, demand or energy impacts, implementation issues, revenue impacts, and commercial viability" should be required, not suggested, as they are now. Evaluation of environmental impacts should also include the effect of greenhouse gas emissions, anticipated regulatory impacts and mitigation costs.

These planning processes need to directly deal with the climactic variability that is impacting federal hydropower resources. WAPA should be ready to provide assistance for analytical needs and the proposal of mitigation and resource options beyond the scope of individual customers.

Again, while we are supportive of the direction of the draft recommendations, they are timid in scope and in the suggested timeframe in which prospective changes will be implemented. There is far too much call for studies of technological and operational changes that have already been extensively studied and shown to provide both economic benefits, to increase Available Transfer Capacity and aid in the integration of renewable resources.

Among these, we see no need to delay implementation of intra-hour scheduling, Reliability Based Controls, the ACE Diversity Interchange, a Dynamic Scheduling System nor of an Energy Imbalance Market. Moreover, WAPA should do everything it can to reduce or eliminate rate-pancaking and move toward a flow-based, rather than contract-path based, operating environment. These are changes that will only benefit WAPA customers, renewable and other generators and improve the reliability, efficiency and security of the nation's electrical grid.

We find the reticence of some preference customers to entertain any changes because they might negatively affect provision of low-cost federal hydropower to be understandable, but misplaced. Customers will be negatively affected to a far greater extent by failure to adopt measures that improve system efficiency, increase transfer capacity and allow for development and integration of abundant fuel-cost-free renewable resources. Climate change and climatic variability are threatening the very resources that provide low-cost hydropower and this issue needs to be explicitly addressed.

Finally, we are supportive of the recommendation to establish a Renewable Energy Liaison to assist Native Tribes and other stakeholders and to establish a Variable Energy Resource Team. We are encouraged that the Liaison and the Team are expected to help identify customers' supplemental power needs and the possibility of addressing them through customer-purchased renewable power. We would also encourage WAPA to assess the opportunity to purchase renewable power itself under long-term contracts. If that is only feasible subject to legislative

action, we encourage WAPA and DOE to work with stakeholders and Congress to effect needed changes.

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