

SENATE BILL REPORT

SHJM 4008

As Reported by Senate Committee On:
Energy, Environment & Telecommunications, March 9, 2017

Brief Description: Requesting that the Bonneville Power Administration consider a rate design for the Eastern Intertie that eliminates or reduces the transmission rate associated with that part of the Eastern Intertie known as the Montana Intertie.

Sponsors: House Committee on Technology & Economic Development (originally sponsored by Representative Morris).

Brief History: Passed House: 2/28/17, 98-0.

Committee Activity: Energy, Environment & Telecommunications: 3/09/17, 3/09/17 [DP].

Brief Summary of Joint Memorial

- Requests that the Bonneville Power Administration consider a rate design for the Eastern Intertie that eliminates or reduces the Montana Intertie Rate.

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Majority Report: Do pass.

Signed by Senators Ericksen, Chair; Sheldon, Vice Chair; Carlyle, Ranking Minority Member; Brown, Hobbs, Honeyford, Ranker, Short and Wellman.

Staff: Kimberly Cushing (786-7421)

Background: The Bonneville Power Administration (BPA) is a federal nonprofit agency that markets wholesale electrical power from 31 federal hydroelectric projects in the Columbia River Basin, one nonfederal nuclear plant, and several other small nonfederal power plants. The United States Army Corps of Engineers and the Bureau of Reclamation operate the dams. Just over one-fourth of the electric power used in the Northwest comes from BPA. BPA also operates and maintains approximately three-fourths of the high-voltage transmission in its service territory, which includes the states of Washington, Oregon, and Idaho, as well as parts of Montana, California, Nevada, Utah, and Wyoming.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Montana Intertie is a 224-mile radial transmission line that was built to connect generation in Colstrip, Montana, to the Pacific Northwest power grid. Of the 224 miles, BPA owns and operates the Eastern Intertie, a 91-mile segment of transmission line between Townsend and Garrison, Montana. The transmission rate set by BPA for this segment is called the Montana Intertie Rate, and is currently \$0.83 megawatt per hour for long-term firm point-to-point transmission service at 100 percent capacity.

Summary of Joint Memorial: The Joint Memorial recognizes that:

- the Eastern Intertie has existing capacity, which is expected to increase with the closure of the Colstrip Units 1 and 2;
- the Montana Intertie Rate charged by BPA is a barrier to new investment in energy generation resources in Montana; and
- the reduction or elimination of transmission costs will promote the development of new energy and capacity resources in an area of Montana that is experiencing losses in these resources.

The Joint Memorial asks BPA to consider a rate design for the Eastern Intertie that eliminates or reduces the Montana Intertie Rate.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Staff Summary of Public Testimony: PRO: BPA is in an open comment period on charges for the Eastern Intertie rate design. Right now, BPA charges \$2 per megawatt hour to access the intertie at Colstrip. The charge is prohibitive. When a transmission line is at capacity it makes sense to have such a charge to keep operations and maintenance going on the line. With the potential retirement of Colstrip Units 1 and 2, there will be extra capacity. The money will not be coming in from the base operations that the line was built for. Thus, it makes sense to ask BPA to waive the charge and to allow other projects to access the transmission line. This diplomacy shows we care about the impact Washington is having around the Colstrip facility in Montana.

Persons Testifying: PRO: Representative Jeff Morris, Prime Sponsor.

Persons Signed In To Testify But Not Testifying: No one.