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U.S. House of Representatives
Committee on Natural Resources
Washington, DC 20515

September 10, 2013

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The Honorable Ernest Moniz
Secretary
U.S. Department of Energy
1000 Independence Ave., SW
Washington, DC 20585

Dear Secretary Moniz:

As the Chairman and Ranking Member of the House Natural Resources Committee, we urge you to allow a pending fact-finding initiative on integrating wind and other intermittent resources be completed in order to allow the Bonneville Power Administration (Bonneville) and the Western Area Power Administration (Western) to make sound business decisions on behalf of their existing customers.

As you know, the Northwest Power Pool (NWPP) has created a Market Assessment and Coordination Initiative (Initiative) to evaluate a number of tools to help utilities respond to the operational and cost challenges of integrating intermittent resources such as wind and solar into its regional electric grid. NWPP is a voluntary organization of generating utilities in the Pacific Northwest, northern California, Rocky Mountains, British Columbia, and Alberta. The purpose of the organization is to help its members achieve benefits through coordinated utility operations. These utilities have been doing business together, on a voluntary bilateral basis, for decades. The studies in the Initiative take into account the unique characteristics of the NWPP region: its significant hydropower resources, the degree of wind penetration relative to load, existing reserve sharing agreements, and 20 individual Balancing Authorities operated by both FERC-jurisdictional and non-jurisdictional utilities. Participants agree that there is likely no single "silver bullet" to resolve the hour-to-hour and day-to-day swings particularly with wind generation. For that reason, the Initiative is assessing a number of potential tools, including an Energy Imbalance Market (EIM) and other measures.

The core function of an EIM is to have one centralized computer system automatically re-dispatch generation every five minutes within real time transmission operating limits to achieve a lower cost solution across the entire market footprint. Despite the intent, some are finding that the operating costs of an EIM may outweigh the benefits. Further, whether an EIM and its participants would be subject to FERC jurisdiction or not – a major concern for non-

jurisdictional utilities – is still being addressed. The Initiative Phase 2 Work Plan, scheduled to be concluded around the end of 2013, will provide a more detailed assessment of an EIM and other mechanisms.

We are particularly concerned that Bonneville and Western may be required by your Department to join an EIM without regard to whether an EIM is in the best interest of the customers and consumers in our region. If an EIM is pursued, it must be done in a way that does not injure long-standing success in crafting regional solutions or lead to the formation of broader electricity market structures that have been repeatedly rejected in the Northwest.

We urge you to allow the NWPP Initiative Phase 2 Work Plan to conclude and to ensure that Bonneville and Western are able to make a sound business decision about whether an EIM is the most effective and efficient means of integrating intermittent energy, maintaining system reliability, and advancing the interest of consumers.

Thank you in advance for your attention to this important matter.

Sincerely,



Doc Hastings
Chairman



Peter DeFazio
Ranking Member