



Public Power Council

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October 3, 2016

Secretary Ernest Moniz
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Dear Secretary Moniz:

On behalf of the Public Power Council (PPC), the regional trade association representing rural electric cooperatives and public agencies in the Northwest who have statutory preference rights to purchase power from the Bonneville Power Administration (BPA), I am writing to strongly urge that you do not accept the deeply flawed and recycled “Chu Memo” recommendations that are repeated in the recent *Draft Secretary of Energy’s Advisory Board (SEAB) report on Federal Energy Management*.

As you know, a memorandum from Secretary Chu in 2012 made recommendations seen by many as proposing significant costs on customers of the power marketing administrations (PMAs) without commensurate benefits. The recommendations were either unnecessary (given actions already taken by BPA and the other PMAs) or inconsistent with the core mission and statutory responsibilities of the PMAs. In fact, the recommendations drew the opposition of 166 members of Congress, and you underscored during your confirmation hearing that you would not support the recommendations.

It is disturbing that four years later these previously rejected recommendations are being resurrected in the SEAB report. During the ensuing period, BPA has further demonstrated its commitment to promoting renewable energy, expanding transmission, exploring technological and grid management innovations, and taking other steps to improve efficiency – all within the applicable statutory authorities. At the same time, BPA is facing increasing cost pressures, and is undertaking a multi-year endeavor to bend its cost curve to ensure financial viability and remain the supplier of choice for public power systems in the Northwest. Absent the success of these efforts, BPA and its ability to meet public policy goals—including efforts to support renewables resources and fish and wildlife restoration – will be at risk.

In light of the tone of the SEAB report, it is important to clarify that the failure of the “Chu Memo” recommendations were not simply a result of poor messaging and inadequate consultation. Rather, these recommendations were roundly rejected because they were inherently flawed, and they failed to align with BPA’s record, statutory obligations, and core mission as a consumer-funded entity.

Resurrecting these recommendations and another lengthy process around them would be counter-productive and distracting from critical efforts underway to ensure BPA competitiveness and pursue

some of the very topics mentioned in the report. We urge you to both reject the recommendations contained in the SAEB draft report and formally “close-out” the “Chu Memo” so that these poorly conceived concepts are finally put behind us. We look forward to continuing to work collaboratively with you and BPA on the many goals we share on important Northwest energy issues.

Sincerely,

A handwritten signature in black ink that reads "Scott Corwin". The signature is written in a cursive style with a large, sweeping initial 'S'.

Scott Corwin
Executive Director

cc: Northwest Congressional Delegation
Elliot Mainzer, Administrator, Bonneville Power Administration