



Energizing Life in Our Communities

April 14, 2022

Comments of Public Utility District No. 1 of Snohomish County regarding Bonneville Power Administration's March 30, 2022 Concurrent Loss Return Workshop

Submitted via email to techforum@bpa.gov

Public Utility District No. 1 of Snohomish County (Snohomish) appreciates Bonneville Power Administration (BPA) engaging with customers on the potential replacement of the current 168-hour delayed loss obligation return with concurrent loss obligation returns.

Snohomish's highest priorities throughout this process are to minimize uncertainty and additional processes for real-time scheduling staff, to retain our current ability to provide loss returns from Slice (preferably through a reduction in Slice Right-to-Power or RTP), and to minimize IT integration changes associated with implementation.

Snohomish understands that the primary rationale for moving to concurrent loss returns is to reduce the capacity impact on the FCRPS of the current 168-hour return framework. Snohomish is supportive of this goal but also understands that this transition will likely come at the cost of a more complicated loss return framework. Our February 9 comments detailed some specific challenges associated with BPA's proposal to require same-hour loss returns.

Snohomish believes that BPA should seek a solution that prioritizes simplicity and preservation of customers' existing scheduling rights while also achieving some FCRPS capacity benefits. Prioritizing simplicity and customers' rights is particularly important during the initial transition to concurrent losses. Once implemented, BPA and customers could choose to further refine the process for future rate periods. Snohomish notes that an overly complicated loss return process that is difficult to implement or adds burden for real-time scheduling staff could result in some customers choosing a financial loss return option, which may have the unintended effect of *increasing* the usage of the FCRPS for losses.

BPA's proposal for Slice Customers

As Snohomish understands the proposal presented at the March 30 workshop, BPA would post Slice customers' obligation associated with all schedules as of T-80. This obligation would then be reduced from Slice customers' right-to-power in the auto-run that completes at T-75. If a Slice customer's loss obligation increased between T-80 and T-30, the customer would be required to acquire and submit loss return eTags by T-20 to cover the increase, just like other customers.

Snohomish appreciates BPA developing a proposal that would preserve Slice customers' current ability to return most losses from Slice Right-to-Power. This proposal is not without its challenges for Slice customers, as it will add an additional real-time process relative to today. Slice customers will need to continue to monitor their loss obligations after T-80 and procure tags associated with any increase. Further, BPA proposes that the Final Loss Obligation Posting would occur at T-30 -- the same time as the deadline to tag from Slice. Slice customers would not have the ability to tag any late loss increases from Slice and would need to find another source.

It is also not clear how BPA would treat an oversupply of losses from Slice right-to-power if a Slice customer's loss obligation *decreased* after T-80. There does not appear to be a way to reduce the physical loss return, so Snohomish assumes this would be settled financially with a credit back to the Slice customer. Snohomish does not believe any penalty should be assessed in this instance, as the customer would have no way to remedy the oversupply of loss return.

Alternate concurrent loss implementation proposal framework¹

More generally, Snohomish believes that BPA's proposal will add complexity for both BPA and customers in real-time. As described in BPA's proposal, BPA intends to calculate and post losses every minute between T-67 and T-30 and customer's already-busy real-time staff will need to frequently pull updated loss obligations, acquire or update transmission reservations, and submit or update eTags. Customers who wish to finalize all schedules ahead of the T-57 EIM

¹ In our February 9 comments, we suggested that BPA consider an alternative in which customers would return *all* losses one or two hours delayed rather than same-hour. We rescind that request in favor of the proposal suggested in these comments.

base schedule submission deadline may need to move up scheduling process timelines by a few scarce minutes in order to receive and tag final loss obligations ahead of T-57.

While all of the items identified above may be feasible for BPA and customers to achieve, it is not clear that the benefit outweighs the additional effort required for all parties to implement new processes and to carry them out accurately in real-time.

To help mitigate these concerns, we request that BPA consider a Final Loss Obligation Posting time earlier than T-30. Two potential variants for consideration are T-80 and T-67.

- Both variants would simplify real-time processes for both BPA and customers relative to BPA's proposal. With a final posting at T-67 or T-80, customers would have a known time to pull their final physical loss obligation with sufficient time to schedule and tag the loss returns ahead of the T-57 deadline. Customers would no longer need to continuously monitor their loss obligations and adjust their returns all the way up until T-30. Under this proposed framework, BPA would be able to stop posting loss obligations earlier and may be able to post loss obligations less frequently than once per minute.
- Snohomish has a leaning towards setting T-80 as the Final Loss Obligation Posting Time for all customers. This variant would have the added benefit of allowing Slice customers to return *all* physical losses from Slice RTP as we do today, while placing other customers on an equal footing with respect to timing.

Under this proposal, any changes to loss obligations after the Final Loss Obligation Posting at T-67 or T-80 would be considered real-time loss return imbalance and could be settled financially (similar to BPA's proposal). Snohomish understands that the added simplicity of this proposal comes with the tradeoff of less precision and potentially lower FCRPS capacity benefits compared to BPA's proposal. We look forward to reviewing the loss data and capacity impact analysis BPA intends to provide in the April workshop and hopes it will help us evaluate the tradeoffs between these proposals.

In order to lower the capacity impact of an earlier Final Loss Obligation Posting, BPA could also consider a variant of Snohomish's proposal which would carry forward only the real-time loss return imbalance as an adjustment to a customer's loss obligation in a future hour (e.g., T+168 hours). Under this variant, Snohomish believes that the FCRPS capacity impact would be based

solely on the differences between the *loss return imbalance* in the current hour and 168 hours prior, rather than based on the 168-hour differences in the full *loss return obligation* today. Snohomish understands that BPA has not yet been willing to entertain *any* loss obligation carry forward, but we believe this option has some merit and should remain on the table.

In summary, Snohomish believes that each of the four variants of our proposal (Final Loss Return Obligation Posting at T-67 or T-80; settle loss return imbalance financially or carry forward to a future hour) would be a simpler implementation of concurrent losses relative to BPA's proposal and would reduce the FCRPS capacity impacts relative to the status quo. If Snohomish's proposal were implemented in BP-24, BPA and customers could evaluate whether additional refinements would be beneficial in future rate periods. This would be a similar approach to the one taken by BPA during EIM Phase III workshops, where BPA frequently selected a simpler option at the outset while noting the ability to refine in future rate periods once more information is known. Current challenges associated with EIM implementation underscore the value of starting simple when making substantial changes.

Reliability Event Options

In the March 30 workshop, BPA sought feedback with regard to the appropriate cutoff point for reliability events that impact a customer's loss obligation. Option 1 would exempt customers from invalid loss return penalties for any hour in which a reliability event that impacts the customer's loss return obligation is first known at T-67. Option 2 would only exempt customers from invalid loss return penalties for any hour in which such a reliability event is first known at T-30 (thus treating loss obligation changes resulting from reliability events no differently than any other loss obligation change). As noted above, Snohomish proposes implementing a T-67 cutoff point for *all* loss obligation changes. If BPA moves forward with a Final Loss Obligation Posting time of T-30, then Snohomish supports Option 1.

Loss Obligation Posting Location

Today, Snohomish has developed an automated process to pull our loss obligation directly from CDE into our scheduling software. Under *any* implementation of concurrent loss returns, automation capability becomes even more important than today due to tight real-time process timelines and low margin for error. Snohomish would prefer BPA continue to post concurrent

loss obligations to CDE in order to minimize IT changes associated with implementation. An alternate location that could be automatically queried would also be acceptable. Snohomish would not support any implementation that did not allow customers to retrieve loss obligations automatically.

Questions for BPA

Snohomish has several follow-up clarification questions that we request BPA address in the April workshop in order for us to better understand the proposal and potential options.

1. If BPA moves forward with joining the EIM on May 3, all schedule changes after T-57 will be subject to imbalance settlement at the CAISO-calculated Locational Marginal Price (LMP) or Load Area Price (LAP). LMPs and LAPs include a Marginal Cost of Losses (MCL) component. It is Snohomish’s understanding that in organized markets the MCL is intended to financially recover the marginal cost of losses associated with the customer’s schedule (or post-T-57 schedule changes in the case of the EIM). Can BPA explain the relationship between the EIM MCL and BPA’s requirement that customers adjust their loss returns associated with post-T-57 schedule changes? Is there a risk of double counting if customers are subject to both the EIM MCL and BPA physical loss return requirements?
2. BPA’s proposal includes a requirement that customers obtain a no-charge loss reservation to return losses. Is there any risk that under tight conditions customers would be unable to obtain this reservation? What would be the consequences for the customer? On the other hand, is there potential that customers might obtain a larger TSR than needed in preschedule in order to avoid this risk in real-time, which could carry negative impacts on ATC?

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Snohomish thanks BPA staff for consideration of these comments and looks forward to continued engagement on development of concurrent loss return service at the April workshop. Please do not hesitate to reach out if you have any questions.