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**Subject: TEMUS Comments on Transmission Losses**

Matt:

TransAlta Energy Marketing (U.S.) Inc. ("TEMUS") comments about BPA's provision and settling of transmission losses follow. They are based on the December 12, 2019 TC-22, BP-22 and EIM Phase III Customer Workshop.

TEMUS appreciated the information about how BPA's Transmission staff handle in-kind (168 hours later) loss returns. We agree that further discussion is warranted regarding two potential changes to in-kind loss returns. We are suggesting changes to the in-kind option based on the overwhelming majority of customers who utilize and value this method of returning losses.

1. TEMUS agrees that the process and its accompanying software should be modernized to mitigate any undue administrative burden. However, in order to maintain the in-kind option as customers have requested, we recognize that *some* administrative burden is inevitable. As a transmission customer, TEMUS fully expects that updated software and Full Time Employee ("FTE") costs required to maintain in-kind loss returns will be duly recovered as part of the BPA's regular rate-making process.
2. Although in-kind losses returned 168 hours later results in roughly neutral energy-related revenue for BPA<sup>1</sup>, TEMUS is ready to discuss whether it would be beneficial to shift when losses are returned, perhaps to something more concurrent.

TEMUS supports an option for settling transmission loss returns financially, provided the in-kind option remains and provided the current structure is replaced by one that is fairly priced

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<sup>1</sup> Slide 17 of BPA's December 12, 2019 presentation

and transparent. It is difficult to provide any additional feedback at this time without some idea about how financial settlement prices will be established.

To advance the discussion, TEMUS suggests that BPA's transmission experts *and* rate case staff must be in the room whenever the subject is on the agenda. Otherwise, creating a viable financial settlement option will be hamstrung by uncertainty and customer questions.

**TRANSALTA ENERGY MARKETING (US) INC.**

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