COMMENTS OF THE NETWORK CUSTOMER GROUP

Submitted: July 18, 2018

These comments on the Bonneville Power Administration's ("BPA") proposed Open Access Transmission Tariff ("Tariff") terms and conditions are submitted on behalf of Cowlitz PUD, Eugene Water and Electric Board ("EWEB"), Northwest Requirements Utilities ("NRU"), PNGC Power, and Western Public Agencies Group ("WPAG") (collectively, the "Network Customer Group"). The Network Customer Group represents over 85 customers located in 8 states (OR, CA, WA, ID, MT, UT, WY, NV) that use BPA's Network Integration Transmission Service ("NT") to bring power to their respective loads and are dependent on BPA to provide the vast majority of their high-voltage transmission service.

The Network Customer Group appreciates this opportunity to comment on (A) the Networking Operating Agreement ("NOA"), (B) NT Redispatch and Attachment M, (C) Schedule 9, (D) Hourly Firm, and (E) Conditional Firm.

A. Network Operating Agreement

The Network Customer Group does not oppose BPA's preferred alternative to replace the existing NOA with a list of topics that will be covered in bilateral NOAs with each NT customer so long as these bilateral agreements do not create any undue discrimination between similarly situated customers. NT Customers and BPA could benefit by allowing for unique NOAs that meet an individual customer's own operational needs. That said, BPA must recognize that a significant portion of its NT customers do not regularly make use of the current NOA and have rarely applied it to their day-to-day operations. Thus, BPA should make the implementation of the proposed NOA as administratively simple and streamlined as possible.

Also, given that the proposed NOA will encourage unique revisions on a bilateral basis, it would be appropriate for BPA to work with NT customers to determine how any proposed revisions would be considered and approved by BPA. Per section 35.3 of the FERC *pro forma* tariff, the Network Operating Committee is accountable for establishing the operating criteria for the parties' respective responsibilities under the NOA. To date, BPA has not proposed any revisions to section 35.3 or demonstrated what involvement, if any, the Network Operating Committee would have in establishing the generic terms of the proposed NOA or the approval process for any bilateral provisions. BPA should provide customers with a basic procedure for how the NOA template will be developed and how proposed bilateral deviations will be considered prior to commencing the TC-20 process.

B. NT Redispatch and Attachment M

The Network Customer Group appreciates BPA's efforts toward establishing an NT Redispatch program that is consistent with the FERC *pro forma* tariff to the extent practicable given the established TC-20 principles and recognizes the possibility of a future state where the added benefit of the ability to coordinate the dispatch of all Network Resources will justify the cost of the systems necessary.

To that end, the Network Customer Group is supportive of BPA staff's proposed Alternative 4, wherein BPA maintains the ability to provide NT Redispatch solely from the Federal Columbia River Power System ("FCRPS") or from all Network Resources on a least cost, non-discriminatory basis.

Finally, the Network Customer Group supports BPA staff's proposed removal of Attachment M from its tariff, as well as its plan to revise the Redispatch and Curtailment Business Practice to incorporate the language necessary to support the proposed changes to tariff Sections 30.5, 33.2, and 33.3.

C. Schedule 9

The Network Customer Group supports BPA's proposal to modify its proposed Schedule 9 language to expressly link "physically feasible" under Schedule 9 to the capacity forecast established pursuant Schedule 10. We agree this is necessary to make clear that the physically feasible obligation under Schedule 9 is limited to the amount of balancing reserve capacity forecasted for Generator Imbalance Service under Schedule 10.

As stated in our previous comments, we also recommend that BPA make clear that the physically feasible requirement under Schedule 9 is further limited by BPA's statutory obligations to its preference customers by adding the language "to the extent permitted by law" at the beginning of the second sentence of the first paragraph of BPA's proposed Schedule 9. We understand that, at this time, BPA believes this to be unnecessary because the obligation to provide balancing reserves under Schedule 9 is already inherently limited by the statutory rights of BPA's preference customers and

BPA's corresponding obligations to them. Nonetheless, we intend to raise this issue again in the TC-20 case with the expectation that BPA will either (i) adopt our proposal or (ii) set forth a clear explanation in the TC-20 Record of Decision of why it is not necessary and how Schedules 9 and 10 will be interpreted to ensure that BPA's obligations to its preference customers will be met first as required by law.

D. Hourly Firm

The ongoing South of Alston non-wires project, last year's PFGA process, and the current TC-20 workshop process have made it abundantly clear that BPA's transmission system is becoming increasingly constrained. For instance, during the PFGA process, BPA suggested that it will need to increasingly offer conditional firm service to transmission customers because BPA is unable to meet the firm service customers are requesting. BPA staff has indicated that South of Alston is only the first pathway to become critically constrained and that others will soon follow. As the system becomes more constrained, NT Customers are having increasing difficulty obtaining long-term firm transmission for load service.

These problems are unlikely to go away soon. This is because BPA's limited access to capital greatly restricts its ability to expand or build its way out of the system constraints it is confronting. In addition, BPA's promised development of the "attributes of NT service" that could help manage increased NT curtailment risk due to its constrained system has been long delayed and neglected.

Under such circumstances, continuing to offer firm transmission on an hourly basis threatens the long-term firm NT service purchased by the Network Customer Group from BPA by increasing the likelihood of both the frequency of NT redispatch and the curtailment of firm NT service when NT redispatch is unavailable or exhausted. In addition, the sale of non-*pro forma* Hourly Firm undermines the value and security from curtailment of the *pro forma* secondary network and conditional firm products that BPA is seeking to offer, and upon which customers will be forced to become more reliant in the future in light of the above concerns. Similarly, long-term firm PTP customers seeking to serve their own load on firm transmission would be curtailed pro-rata with customers purchasing the Hourly Firm product. Given the constraints of the transmission system, it is unjustifiable that a customer purchasing a single hour of transmission service be afforded the same curtailment priority as PTP and NT customers with long-term service contracts.

Furthermore, in evaluating whether an Hourly Firm product is necessary to support participation in markets, BPA Staff should take into account the fact that both the WSPP and EEI master power purchase and sale agreements contemplate the sale of wholesale electricity without firm transmission. For example, the WSPP Schedule-A "Economy Energy" can be used to facilitate transactions involving non-firm transmission. In addition, the EEI allows for "Transmission Contingent" transactions under the Exhibit A. Customers that are not willing to purchase firm transmission in a manner contemplated under the FERC *pro forma* tariff are still able to participate in the marketplace through the use of hourly non-firm transmission. In addition, customers seeking to make economic use of their PTP transmission rights via redirects can use these same WSPP and EEI products without infringing on the rights of long-term firm customers to serve their load on firm transmission.

The NT Customers support Utilicast's recommendation that BPA stop selling hourly firm transmission (Option 2). The recommendation by BPA's independent third party consultant is consistent with the FERC p*ro forma tariff.* The NT Customers also support BPA Staff's recommendation that Unlimited Hourly Firm should no longer be an option. In addition, the "Shaped Daily" and "Limit Hourly Firm" options are not offered under the FERC *pro forma tariff.* While it may be possible to offer these products in a manner that does not impair the reliability of long-term firm, they undermine the value and *pro forma* priority of secondary network and conditional firm.

E. Conditional Firm

The Network Customer Group reiterates statements made in our prior comments that BPA, as the Transmission Provider, has an obligation to plan for and serve NT customers on firm transmission. BPA should adopt Alternative 2, under which BPA would not retain NT conditional firm language in the tariff and move BPA closer to implementation of the FERC *pro forma* tariff for NT service.