

March 31, 2020

Via email:

techforum@bpa.gov

U.S. Department of Energy
Bonneville Power Administration
Transmission Services

Re: Comments of Avangrid Renewables, LLC, Avista Corporation, Portland General Electric Company, and Puget Sound Energy, Inc. on March 17, 2020 TC-22, BP-22 and EIM Phase III Customer Workshop on (1) Seller’s Choice, (2) Transmission Losses, (3) Type of Transmission for EIM Transfers, (4) Intertie Studies, and (5) Proposed ST ATC Improvement #3 - Hourly NF AFC, Pilot Program

Avangrid Renewables, LLC, Avista Corporation, Portland General Electric Company, and Puget Sound Energy, Inc. (“Commenting Parties”) submit the following comments on topics arising out of the BPA March 17, 2020 TC-22, BP-22 and EIM Phase III Customer Workshop presentation.¹

1. Seller’s Choice

- a. BPA’s Settlement Tariff Temporarily Allows Seller’s Choice-- “Designation” of Network Resources at Mid-C PORs without Identification of the Control Area (or Specific Generation) from Which the Resource Originates; BPA is to Evaluate the Impact of Seller’s Choice on Hourly Firm and May Propose to Renew Seller’s Choice in TC-22**

Pursuant to the Seller’s Choice provisions of the TC-20 Settlement Agreement,² NT customers are not required under BPA’s Settlement Tariff³ to identify the control area for designations at Mid-Columbia Points of Receipt for designations with a term ending prior to October 1, 2021.⁴ BPA is to monitor, evaluate and provide information on the implementation of this Seller’s

¹ Available at <https://www.bpa.gov/Finance/RateCases/BP-22-Rate-Case/Documents/17Mar20%20-%20Main%20Tariff-Rates-EIM%20Workshop.pdf> (“March 17 Presentation”).

² The TC-20 Settlement Agreement is available at [https://www.bpa.gov/Finance/RateCases/BP-20/Meetings/TC-20%20Settlement/Final_TC-20%20Settlement%20Agreement%20\(11-13-08\).pdf](https://www.bpa.gov/Finance/RateCases/BP-20/Meetings/TC-20%20Settlement/Final_TC-20%20Settlement%20Agreement%20(11-13-08).pdf).

³ Available at https://www.bpa.gov/Finance/RateCases/BP-20/Meetings/TC-20%20Settlement/Attachment%20to%20the%20TC-20%20Settlement%20Agreement_Settlement%20Tariff%2011_08_18.pdf.

⁴ This is an example of Seller’s Choice. The March 17 Presentation at page 18 describes “Seller’s Choice” as a power purchase agreement “in which the seller agrees to deliver energy without identifying the resource at the time the agreement is made” and under which “Seller does not generally indicate a specific generator until the Preschedule day”.

Choice (and on Seller's Choice impacts) and may in its sole discretion include what is in effect an extension of this Seller's Choice in the TC-22 Initial Proposal.

Specifically, section 2.g (Seller's Choice) of Attachment 1 to the TC-20 Settlement Agreement reads as follows:

- i. The Settlement Tariff will include the following language:
 1. Tariff Section 29.2(v): For each off-system Network Resource, such description shall include: . . .
 - Identification of the control area from which the power will originate. The customer is not required to identify the control area for designations at Mid-Columbia Points of Receipt for designations with a term ending prior to October 1, 2021.
- ii. Bonneville will list the Mid-Columbia Points of Receipts in the Network Integration Transmission Service business practice.
- iii. Starting October 1, 2019, Bonneville will monitor and evaluate the implementation of this section g as indicated in Attachment 1, section 2.d hourly firm evaluation. Bonneville will share the results of its evaluation with customers at least once before July 2020. Based on the hourly firm evaluation, Bonneville may, in its sole discretion, include in its TC-22 Initial Proposal, Network Resource designation at Mid-Columbia Points of Receipt.

(Emphasis added.) The inclusion in BPA's Tariff of this underscored language is a deviation from the *pro forma* OATT.⁵

Item ii of section 2.d of Attachment 1 to the TC-20 Settlement Agreement includes the following:

Bonneville will provide responses to customer queries and provide transparent data in support of its actions, as appropriate and available. Bonneville will also provide the following information:

* * *

5. Designation of Network Resources

a. Seller's choice impacts

⁵ Subject to applicable law, BPA's Tariff--including provisions regarding designation, undesignation, and attestations for DNRs--should be consistent with FERC's *pro forma* OATT and guidance and industry best practices to the extent possible. *See, e.g.*, March 19, 2020 Comments of Avangrid Renewables, LLC, Avista Corporation, Idaho Power Company, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. Regarding BPA Conditional Firm Business Practice Draft Version 24, at pages 1-2. Available at <https://www.bpa.gov/transmission/Doing%20Business/bp/Redlines/AvangridRenew-AvistaCorp-IdahoPowerCo-PacifiCorp-PGEC-PSEInc-CFS-V24.pdf>.

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b. The Effect of Seller’s Choice on BPA’s Transmission System ATC Calculations Should be Evaluated and Transparency Provided before any Decision to Propose Extension of Seller’s Choice in TC-22

Designation of DNRs for service to NT load and undesignation of DNRs for firm market or off-system sales⁶ is generally intended by FERC, among other things, to increase the accuracy of ATC calculations:

[t]he undesignation and redesignation requirements exists not only to promote reliability, but also to prevent undue discrimination, promote comparable treatment of customers, and increase the accuracy of ATC calculations.

Order 890, paragraph 1576 (emphasis added.) Seller’s Choice generally does not result in an identification of a particular resource as the DNR until Preschedule day. BPA should evaluate and explain any effect on the accuracy of its ATC calculations (including calculation of ATC that is available on a firm basis prior to the Preschedule day) that results from not identifying particular resources as DNRs until Preschedule day. In short, the effect of Seller’s Choice on ATC and the accuracy of BPA’s ATC calculations should be fully evaluated and transparent before BPA makes any decision to propose extension of Seller’s Choice in TC-22.

The March 17 Presentation at page 26 acknowledges that “Seller’s Choice implementation is challenging - currently requires up to five TSRs in order to enable maximum flexibility.” It unclear, and BPA should evaluate and explain (i) what this “maximum flexibility” means and (ii) the consequences and effect on ATC (and on the accuracy of BPA’s ATC calculations) of providing such “maximum flexibility.”

Pursuant to the TC-20 Settlement Agreement, Commenting Parties herby submit the following query to BPA with regard to hourly firm and Seller’s Choice: Please provide BPA’s analysis of the impacts of Seller’s Choice on the availability of BPA hourly firm transmission or the availability of ATC for BPA hourly firm transmission. This analysis should include analysis of the effect on ATC of “up to five TSRs in order to enable maximum flexibility.”⁷ (To date, the information provided by BPA regarding evaluation of hourly firm does not appear to specifically address Seller’s Choice.)

“BPA’s Perspectives” on Seller’s Choice as presented on page 26 of the March 17 Presentation should be revised to include consideration of whether (i) Seller’s Choice is consistent with FERC’s *pro forma* OATT (and not merely with regard to NT redispatch) and (ii) Seller’s Choice affects the accuracy of ATC calculations (including calculation of ATC that is available on a firm basis prior to the Preschedule day).

⁶ Off-system sales” or “market sales” in these comments on Seller’s Choice do not include EIM transfers, which are beyond the scope of such comments.

⁷ As discussed above, BPA under the TC-20 Settlement Agreement is to provide responses to customer queries and provide transparent data in support of its actions, as appropriate and available with regard to evaluation of hourly firm, including Seller’s Choice impacts.

2. Transmission Losses

The March 17 Presentation identifies six BPA “Alternatives” with regard to settling BPA transmission wheeling losses. BPA should adopt the recommendations with regard to transmission losses in the January 8, 2020 Comments of Avista Corporation, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc., Regarding BPA Transmission and EIM Losses and EIM Charge Code Allocation (“January 8 Comments”).⁸ For example, the January 8 Comments include the following:

- (i) Any rate for financial settlement of BPA transmission losses is a rate for transmission service and must be developed in a BPA transmission rate proceeding and set forth as a transmission rate.
- (ii) BPA should preserve the in-kind loss return option and should not consider proposing abandonment of a customer option of in-kind return unless and until an equitable financial settlement rate that applies to both Federal and non-Federal power is developed in a rate case.

Of the BPA Alternatives, it appears that Alternatives 3 and 5 most closely align with the January 8 Comments. (However, Alternative 5’s concurrent return may present operational difficulties that render it impracticable.)⁹

The “Objectives” at page 30 of the March 17 Presentation with regard to transmission losses raise several of questions that BPA should address. One of the stated BPA objectives is to ensure that BPA captures the value of capacity and the value of energy for losses provided, which raises the following initial questions:

- (i) In proposing a rate for financial settlement of losses, would BPA propose a rate based on the *value* rather than the *cost* of providing losses provided? If so, why and on what basis?
- (ii) In proposing a rate for financial settlement of losses, would BPA propose a rate that includes a capacity component? If so, why and on what basis? What would be the rationale for BPA’s proposing to include a capacity component? Has BPA reviewed whether including a capacity component is consistent with industry standards/best practices?¹⁰

⁸ Available at <https://www.bpa.gov/Finance/RateCases/BP-22-Rate-Case/Documents/Comments/Dec%2012%20Workshop/Avista-010820%20comments%20on%20losses%20and%20EIM%20charge%20code%20allocation.pdf>.

⁹ If BPA includes Alternatives 1, 2, or 4 for further exploration, BPA should explore whether and describe how having the BPA Trading Floor set the financial settlement rate is consistent with the statutory requirement to establish transmission rates in BPA rate cases.

¹⁰ One financial settlement rate that BPA should evaluate in considering a proposal is a rate based on the average hourly LAP price for the relevant BAA, as established by CAISO, multiplied by the energy for such hour based on a Transmission Customer’s metered load actual amounts (for a Transmission Customer taking Network Integration Transmission Service) or actual amounts of power scheduled to be delivered at Point(s) of Delivery (for

Further, the “Criteria for Decision” at page 42 of the March 17 Presentation with regard to transmission loss settlements should be revised to

- (i) include consistency of rates for financial loss settlement with applicable statutes¹¹ and consistency with cost-based ratemaking;¹²
- (ii) reflect that BPA transmission loss factors should be established in TC proceedings and such transmission loss factors should be set forth in BPA’s Tariff; and
- (iii) reflect that the rate for financial settlements of transmission losses should be developed in BPA transmission rate cases and should be reflected in BPA transmission rate schedules.¹³

3. Type of Transmission for EIM Transfers

a. Alternatives for Transmission Donations for EIM Transfers by Interchange Rights Holders

The March 17 Presentation includes the following at page 56:

BPA is evaluating the following alternatives for transmission donations for EIM transfers by Interchange Rights Holders

- Alternative #1, Status Quo: Allow only firm transmission to be donated for EIM transfers
 - This alternative is interpreted to mean all firm PTP products including conditional firm PTP.
 - Given the nature of NT service for service to load, the transmission products allowed to be donated for EIM do not include NT products
- Alternative #2: Allow both firm and non-firm PTP of any term to be donated for EIM transfers.
 - May need to limit hourly non-firm

a Transmission Customer taking Point-to-Point Transmission Service). See, e.g. PacifiCorp Open Access Transmission Tariff, Schedule 10 (Real Power Losses).

¹¹ For example, if BPA includes Alternatives 1, 2, or 4 for further exploration, BPA should explore whether having the BPA Trading Floor set the financial settlement rate is consistent with the statutory requirement to establish transmission rates in BPA rate cases.

¹² See, e.g., BP-18 Administrator’s Final Record of Decision (BP-18-A-04)(July 2017) at page 176.

¹³ See the January 8 Comments, which discuss BPA transmission loss settlements.

Both Alternative #1 and Alternative #2 should be analyzed, including analysis of the pros and cons of each. In that regard, Alternative #2 may offer increased flexibility and promote use of EIM transfers--subject, of course, to analysis of the pros and cons of this alternative.

b. Dynamic ETSRs between BPA's BA and Another BA

BPA appeared to indicate at the March 17 workshop that, for dynamic ETSRs between BPA's BA and another BA, if one of the BAs requires firm transmission to another BA, then the dynamic ETSR would have to have firm transmission. BPA should clarify its statement in this regard and describe the specific conditions under which such a requirement would apply. This should include discussion of any differences in treatment depending on whether the BAs use the Interchange Rights Holder (customer donation) methodology or the ATC methodology.

4. Southern Intertie Studies

The March 17 Presentation at page 64 indicates that Southern Intertie Studies are complicated and very costly to perform and at pages 65-67 presents three alternatives for Southern Intertie Studies:

Alternative 1 –Remove Commercially-Driven Intertie Expansion from the OATT

Alternative 2 –TSR Initiates Study Only Upon Request for a Study

Alternative 3 –Adopt *Pro Forma* Process

In light of the fact that Southern Intertie Studies are complicated and very costly to perform, it appears that Alternative 2 provides valuable flexibility by permitting customers to request transmission on the Southern Intertie without forcing them to finance expensive studies in order to remain in the queue, but at the same time permitting them to request a system impact study.

5. Proposed ST ATC Improvement #3 - Hourly NF AFC Pilot Program

The March 17 Presentation indicates that, as an alternative to TLR Avoidance, “BPA is considering a pilot program to limit hourly non-firm sales to the posted hourly non-firm ATC in OASIS (like the AFC Validation in place for hourly Firm)”. This Hourly NF AFC Pilot Program would be applied for all paths. The March 17 Presentation at page 138 requests “feedback on whether customers are interested in having BPA explore this type of pilot program”.

BPA should explore the Hourly NF AFC Pilot Program. It may potentially offer a more robust and accurate method of controlling sale of non-firm AFC on BPA's system than is provided by TLR Avoidance.

* * *

Nothing contained in these Comments constitutes a waiver or relinquishment of any rights or remedies provided by applicable law or provided under BPA's Tariff or otherwise under contract. Commenting Parties appreciate BPA's review of these comments and consideration of

the recommendations contained herein. By return e-mail, please confirm BPA's receipt of these comments.