

March 8th Survey Results on BP-14 Workshop Game Plan

19 Survey Participants
Eugene Water & Electric Board
Puget Sound Energy
Cowlitz PUD
Powerex
Renewable Northwest Project
Iberdrola
Franklin PUD
Northwest Requirements Utilities
Flathead Electric Coop
Public Power Council
EDP Renewables
MSR
Western Public Agency Group
The Energy Authority
Snohomish
PNGC
Seattle City Light
Portland General Electric
Turlock Irrigation District

Color Key
Top 5
Top Enhance
Top Explore
Top Unchanged
Different from BPA Staff

BPA Staff		Unchanged Count	Explore Count	Enhance Count	Top 5 Count	
Starting Spot	A: Rate Design					Issue Summary
Enhance	i.	2	4	6	6	Credit when BPA Supply < Rate Case
	ii.					
Explore	iii.	1	10	3	6	Performance-Based VERBS
Explore	iv.	1	10	2	0	Gen. Input Risk
Explore	v.	3	6	4	2	PD - Central 30/60 exempt
Unchanged	v.	7	4	2	1	PD - Current exemptions
Unchanged	v.	4	3	6	3	PD - Current definition
Explore	vi.	2	10	1	4	Changes for DERBS
	B: Cost Allocation					
Unchanged	i.	7	6	0	1	FCRPS embedded and variable cost
Explore	ii.	7	4	6	7	FCRPS wear and tear
Enhance	iii.	3	2	10	11	Allocating FCRPS
Enhance	iv.	2	4	10	9	Allocating forecast acquisitions
Enhance	v.	0	6	8	10	Allocating not forecast acquisitions
Enhance	vi.	1	10	3	0	Allocating WIT costs
	C: Quantity of Balancing Reserves Needed					
Unchanged	i.	10	1	2	0	Pooled approach to share diversity
Unchanged	ii.	9	1	4	3	Method of forecast
Explore	iii.	3	10	0	0	Balancing need for solar
	D: Supply of Balancing Reserves					
Enhance	i.	0	6	9	11	FCRPS Limit defined
Unchanged	ii.	6	6	2	2	Quantities from FCRPS on forecast
Explore	iii.	2	10	3	12	Address acquisition needs
	E: Level of Service					
Explore	i.	2	9	3	3	Level of service
Explore	ii.	0	8	6	6	Customer options participation
Explore	iii.	2	11	4	9	Treatment of PF Public customers

Top Five

1. *Enhance* - FCRPS available balancing reserve limit defined. (D.i.)
2. *Explore* - How to address Rate Case forecast *inc/dec* acquisition needs and acquisition needs not forecast in Rate Case (method and timing). This will include discussions on the feasibility of BPA's ability to base acquisitions of additional non-FCRPS reserves on balancing reserve needs determined through use of wind forecasting models. (D.iii.)
3. *Enhance* – Method for mapping supply to need (B.iii., B.iv., B.v.)
 - a. *Enhance* - Method for allocating cost of FCRPS reserves to competing balancing needs.
 - b. *Enhance* - Method for allocating the costs of *inc/dec* acquisitions that are forecast in the Rate Case to competing balancing needs.
 - c. *Enhance* - Method for allocating the cost of *inc/dec* acquisitions that were not forecast in the Rate Case.
4. *Explore* – Treatment of PF Public customers sinking Variable Energy Resources to their load in BPA's Balancing Authority Area. (E.iii.)
5. *Explore* – Wear and tear adder to balancing services. (B.ii.)

March 8th Survey Results on BP-14 Workshop Game Plan

Additional Items and comments by stakeholders:

Forecast Supply

- ⇒ *Enhance* - Set level of balancing reserves provided by FCRPS seasonally and by time of day.

BPA Staff Comment: This will be addressed in FCRPS limit discussion – Top 5 issue

Availability of FCRPS beyond forecast supply

- ⇒ *Enhance* - Use of available FCRPS capacity in excess of levels of balancing reserves as stated in rate case
- ⇒ *Explore* - New DSO 216 Deployment (Please see Iberdrola proposal from March 8th workshop (a rate option for a new service that could eliminate non-reliability based tag curtailments))
- ⇒ *Explore* - Whether BPA can provide additional quantities of balancing reserves on an “as available” basis (similar to Iberdrola proposal)

BPA Staff Comment: We are still digesting these requests for BPA to make available some sort of short-term balancing product. Staff is currently dedicating its Generation Input efforts to the rate case forecast decisions (forecast balancing supply from the FCRPS, forecast balancing need, and any identified forecast acquisitions) that must be addressed first. This is consistent with the survey results and the identification of higher priority issues. Higher priority issues aside, there is a significant amount of operational system implementation questions that staff will need time to consider and layout before the larger issues embedded in these requests can begin to be fleshed out (e.g. timing, price, product detail, accessibility, necessary commitments, slice and non-slice implications, and compatibility with other upstream decisions). It is possible that the implementation considerations alone could be significant enough to rule out BP-14 feasibility.

Secretary Memo

- ⇒ *Explore* - Modifications to BPA Transmission and Ancillary Services Rates consistent with the principles identified in the Letter Memorandum from Sec. Chu to Federal PMAs dated March 16, 2012
- ⇒ *Explore* - Where do Chu's directives to the PMAs that wind is not second to PF issues fit in?

BPA Staff Comment: BPA's actions will be consistent with the Secretary's memo.

Miscellaneous

- ⇒ *Enhance* - Re-examine Persistent Deviation as the appropriate tool to incent best scheduling practices; explore alternatives.

BPA Staff Comment: This is included in the original list of issues. Stakeholder and BPA positions on this issue were well documented through the BP-12 rate case. Even with available workshop time to discuss alternatives to the current design of Persistent Deviation, we must first decide if workshop time spent on this issue will likely bring anything constructive and new beyond what was documented in BP-12. With that said, BPA staff did present (at the March 8th workshop) its strategy to alleviate

March 8th Survey Results on BP-14 Workshop Game Plan

concerns with the Persistent Deviation penalty. Namely, not to remove the penalty altogether but to seek a design that ensures all parties can be exempt or avoid the penalty without engaging in poor scheduling practices.

We believe the mechanism to do that is a two step process: first, we need to achieve closer alignment between the level of scheduling accuracy assumed for each scheduling entity and their scheduling practices. We have suggested that occur through elections made by the wind generators on what scheduling practice they want to use, combined with development of objective metrics. Second, a mechanism is needed to address what should happen if entities do not schedule to the accuracy level that was selected. We propose that in those cases the party is asked to decide whether they want to implement mechanical scheduling or shift to the next level of VERBs service. If these elements are implemented (alignment of rate case assumptions and planned behavior, and measurable alignment of actual behavior with planned behavior), BPA could exempt the schedules from persistent deviation penalties.

Staff could not support a complete removal of the Persistent Deviation penalty since it is BPA's mechanism to manage risk that parties can impose on other members of the imbalance reserve "pool" through poor scheduling or through marketing choices. We define poor scheduling as scheduling that is inconsistent with and worse than the level of scheduling accuracy assumed in the rate case, including both correlation to actual schedules and imbalance accumulation.

⇒ *Enhance* - Where does ER fit in?

BPA Staff Comment: Oversupply (OS) is addressed in the FERC filing of BPA's OATT Attachment P. A rate case will be held this summer to develop a rate that recovers the cost of Attachment P implementation. The first OS rate meeting is March 27th at 1pm.

⇒ *Enhance* - We need accurate seasonal/hourly pricing for balancing reserves and to charge less when the system is not providing them.

BPA Staff Comment: The survey concluded that embedded and variable price methodology was low on the priority list. The survey identified workshop time will be used to explore/enhance a credit for times when BPA is providing less balancing than rate case forecast.

⇒ *Explore* - Competitive market purchases of inc/dec balancing reserves.

BPA Staff Comment: This will be addressed in part or in whole during the "How to address Rate Case forecast inc/dec acquisition needs and acquisition needs not forecast in Rate Case (method and timing)" issue – Top 5 issue