

December 31, 2021

VIA EMail

Tech Forum
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Re: Tacoma Power's comments regarding concurrent loss return

Tacoma Power thanks BPA for conducting a public workshop series on concurrent loss returns. We appreciate the perspective of BPA staff in this process. However, Tacoma Power remains unpersuaded as to the merits and viability of concurrent loss return. While we accept the premise that the timing of delayed loss returns to BPA leaves BPA undercompensated for energy losses—especially during times of peak demand and high market prices—we believe the delayed return framework offers some virtues of accuracy and predictability, which appear to be missing at least in part with the proposal for concurrent loss return. Perhaps, some other alternative should be considered, for example a hybrid combination of physical delayed return paired with financial settlement to cure the issue of loss return timing.

With this said, Tacoma Power can offer the following answers to BPA's questions:

1. How the tagging policy proposal will impact your business procedures and/or systems.

While a majority of Tacoma Power e-tags are likely to have known values ahead of the operating hour, a considerable subset of Tacoma Power's e-tags involve pseudo-tie generation resources and/or intertie transactions that are subject to frequent curtailments and/or potential EIM schedule changes. As a result, it is unlikely that Tacoma Power will be able to identify within +/- 1 MW its quantity of its loss return obligation until after completion of the operating hour. In addition we are concerned about the scope of system development efforts that would be required to manage this obligation across all of Tacoma Power's tagged energy schedules. As a result, we actually think that BPA's Option 1—to manage loss returns on the same e-tag—might actually be a less challenging mechanism for our organization to implement.

2. Input on options for addressing how BPA should manage kW remainders.

Tacoma Power is concerned about the lack of ability to account for kW remainders. The cumulative impact of this could represent significant value to BPA and its customers. Further, we are troubled by the possibility of entities gaming this aspect of transmission service to their benefit. In our view, financial settlement of kW increments may represent a better overall approach to managing kW remainders.

3. Input on options for addressing how BPA should manage loss return imbalance.

Tacoma Power is concerned about the burden of managing loss return imbalances for both BPA and Tacoma Power. However, we don't see how a fair and accurate concurrent loss return framework can

function without consideration of imbalances. This is perhaps yet another area best handled through financial settlement as opposed to strict concurrent return.

Thank you for your consideration.