

Bonneville Update to Customer Concerns Regarding De Minimis Policy and Application

March 2020



I. Introduction

Bonneville is providing the following response to customer comments that have been submitted related to the *De Minimis* Policy. Bonneville has been engaging with customers on issues related to its *De Minimis* Policy for the past several months. Bonneville recognizes that its posted documentation is misaligned with Bonneville's implementation of the *De Minimis* Policy. Furthermore, differences in long-term and short-term were not clearly articulated. Bonneville understands that its documentation related to the *De Minimis* Policy has created customer confusion. Bonneville would like to provide transparency and to clarify its current policy. Bonneville is open to considering alternatives to the way it currently implements its *De Minimis* Policy. Bonneville will continue with its current implementation of the *De Minimis* Policy as an interim step while possible alternatives are considered. Bonneville commits to continuing the customer engagement process, and expects to post a proposed update to the policy by the end of May.

II. Customer Comments

Bonneville received comments from transmission customers regarding the *De Minimis* policy. Customers have raised concerns that Bonneville's *De Minimis* Impact Dead-Band policy has not been implemented consistently.¹ Customers note that Bonneville should apply the *De Minimis* policy to all transmission service requests (TSRs) in both the long-term and short-term horizon. Some customers also note that the Dead-Band policy should apply to both original and redirect TSRs. Powerex notes that Section 22.2 of Bonneville's Open Access Transmission Tariff provides that firm redirects "shall be treated as a new request for service." All commenting customers have requested that Bonneville address the *De Minimis* Policy concerns through customer workshops. Bonneville is committed to addressing the issues raised by customers through a collaborative public process.

III. Customer engagement timeline

Customers first raised concerns related to the *De Minimis* Policy in July 2019. Bonneville hosted the following customer meetings to improve our understanding of the issues and customer impacts related to the *De Minimis* Policy:

¹ Comments from Avangrid, Puget, Seattle City Light, Snohomish, Tacoma Power, Constellation, Portland General Electric, Shell, Powerex, and TransAlta.

- August 6, 2019 Bonneville hosted a Webinar to discuss hourly firm and covered the netting of redirects during short-term stop sales (TLR Avoidance).
- November 12, 2019 Bonneville hosted an ATC 101 Workshop where Bonneville's implemented *De Minimis* Policy practices were explained.
- November 14, 2019 Bonneville hosted a customer call and committed to addressing *De Minimis* Policy issues raised by customers through the 6-step customer workshop process.²
- December 12, 2019 Bonneville hosted a customer workshop and provided a *De Minimis* Policy update and offered customers the opportunity to provide feedback on how we are characterizing the issue.
- January 28, 2020 Bonneville hosted a customer workshop and announced that we are developing an internal agency decision framework to identify and evaluate *De Minimis* Policy alternatives and shared an initial draft of alternatives.
- February 6, Bonneville hosted a Webinar to continue discussion of the *De Minimis* Policy alternatives.
- March 17, 2020 Bonneville will host a customer workshop and share the *De Minimis* Policy objective, decision criteria, and numerical examples of each of the policy alternatives under consideration.

Bonneville would like to continue down the path of engaging customers at workshops. Bonneville is committed to continued transparency and to providing an open forum to discuss how best to address the concerns raised. At the conclusion of the public engagement process, Bonneville expects to issue proposed changes to the *De Minimis* Impact Dead-Band for Network Flowgates document. Bonneville also expects to issue proposed changes to documents that reference the *De Minimis* Policy to align with the proposed policy by the end of May. Customers will have the opportunity to submit comments to Bonneville on any proposed modifications to documentation. To the extent that proposed changes involve business practices or ATC Methodology documents, Bonneville will follow the customer comment process established in the TC-20 Settlement.

IV. Bonneville implementation of *De Minimis* Policy

Customers have noted that Bonneville's *De Minimis* Policy is not implemented consistently with its posted policies. Bonneville acknowledges that the posted documentation related to the *De Minimis* Policy has created

² [TC-22, BP-22 and EIM Phase 11 Customer Workshop October 23rd, 2019, page 12](#)

confusion. Bonneville conducted a review of our documentation and discovered inconsistencies between posted ATC Methodology documents and implemented procedures. The *De Minimis* Policy is referenced in several of Bonneville's posted documents.³ Several business practices use the term "di minimis" or "de minimus" to reference Bonneville's policy of granting transmission service when a request has a negligible impact to the transmission system. Bonneville plans to continue to engage with stakeholders as it develops the best process going forward, and then clarify our documentation on implementation, including an explanation of differences between the *De Minimis* Policy for short-term and long-term TSRs, respectively.

A. Clarification needed on existing *De Minimis* Policy documentation.

When Bonneville receives a request for transmission service, the ATC methodology determines whether there is sufficient capacity to grant the request. Bonneville uses the Available Transfer Capability Methodologies for the Planning Time Period in the long-term horizon (Long-Term ATC methodology). Section 6.3.2 of the Long-Term ATC methodology notes that if there is sufficient ATC on each Network Flowgate and there are no sub-grid or local area concerns, a long-term TSR will be granted if the "TSR qualifies as having a *de minimis* impact on the Flowgate." The Long-Term ATC Methodology directs customers to "See *De Minimis*" on the ATC Methodology website. Bonneville uses the Available Transfer Capability Implementation Document (ATCID) to determine available capacity to make sales in the short-term horizon.

Bonneville's *De Minimis* Policy is primarily outlined in two documents— the *De Minimis* Impact Dead-Band for Network Flowgates, Version 15 (Dead-Band document) and the Available Transfer Capability Implementation Document (ATCID). Customers have commented that the Dead-Band document applies to both the long-term and the short-term horizon. Bonneville understands that the language in the Dead-Band document could be read to apply to both the long-term and short-term horizon because it states in section 2 that "[a]ll requests for Transmission that use Network Flowgates will be evaluated to determine if such request has a *de minimis* impact on one or more of the Network Flowgates it impacts." The Dead-Band document does not differentiate between the long-term and the short-term horizon except in section 4 Other Considerations When Requesting Long-Term NT Transmission Service. Section 4.1 specifically notes that it applies to "Long-Term TSRs for Designated Network Resources."

³ See the following Business Practices for example: Preemption of Short Term Requests and Reservations, Requesting Transmission Service, Scheduling Transmission Service, TSR Procedures, Dynamic Transfer Capability: Requesting and Awarding Access - Pilot, and Dynamic Transfer Limits: Operating Procedures for Use of Upper and Lower Transfer Limits on BPA's Transmission System.

The organization of Bonneville’s ATC Methodology website added to customer perception that the Dead-Band document applied to both short-term and long-term TSRs. Bonneville’s ATC Methodology website linked to the Dead-Band document in two different places: the Long-Term horizon section labeled “ATC Methodologies for the Planning Time Period” and in the section labeled “Reference Documents.” Upon hearing this information from customers, Bonneville removed the Dead-Band document from the “Reference Documents” section of the ATC Methodology website on July 26, 2019 to limit further confusion on the application of the Dead-Band document to the short-term horizon.

Bonneville posted Redirect Power Transfer Distribution Factor (PTDF) Calculators⁴ designed for the long-term and short-term markets. The tools provide self-service to customers to explore impacts on internal flowgates given different POR and POD combinations. The short-term calculator formatting was cloned from the long-term tool and modified accordingly. During this process, the verbiage on the long-term calculator mistakenly carried over to the short-term redirect calculator. Customers pointed out the mistake and Bonneville immediately corrected the tool description to reflect the application applied to the short-term market. The calculations behind the redirect calculator tool were never in question and remains posted to be a useful approximation tool for redirects.

B. *De Minimis* Policy documents and implementation of that policy have not been aligned.

Bonneville has engaged with customers on the *De Minimis* Policy issues every month since customers raised concerns over Bonneville’s implementation of the policy. Bonneville has held workshops to explain the *status quo* application of the policy in both the long-term and short-term horizon. However, customers take issue with Bonneville’s characterization of the *status quo*. Powerex stated that Bonneville has mischaracterized the issue.⁵ Powerex stated that “it believes that the applicability of the de minimis test to all transmission requests has been clear from the start.”⁶ Powerex also notes that Section 22.2 of Bonneville’s Open Access Transmission Tariff provides that firm redirects “shall be treated as a new request for service.”⁷ Bonneville believes that the implementation of Test 1 using the total impact (not net impact) is consistent with treating a redirect “as a new request for service.”

⁴ <https://www.bpa.gov/transmission/Reports/TransmissionAvailability/Pages/default.aspx>

⁵ Powerex comments on the December 12, 2019 Workshop dated January 8, 2020.

⁶ *Id.*

⁷ *Id.*

Bonneville acknowledges that its implementation and written documentation related to the *De Minimis* Policy have not been aligned. Bonneville notes that it has consistently applied the *De Minimis* Policy as it has described the tests during the customer workshops since November 2019. Bonneville will continue its current implementation of the *De Minimis* Policy as an interim step during the customer engagement process. Customers have asked Bonneville to apply Test 2 on short-term TSRs, and Bonneville is taking that request into consideration in the proposed alternatives.

C. Bonneville’s rationale for maintaining the current implementation of the *De Minimis* Policy as an interim step

Bonneville will maintain its current implementation of the *De Minimis* Policy while it is considering possible alternatives. Bonneville understands that customers have been impacted. However, applying the *De Minimis* Policy as written would require system changes. Bonneville will complete the customer engagement process and alternatives analysis before making changes to its current implementation to eliminate the need of making multiple system changes in a short period of time.

Test 1 as described in the document does not reflect how Bonneville implements the *de minimis* test in either the long-term or the short-term horizon. Furthermore, the test as it is described in the narrative within the Dead-Band document is inconsistent with the way the test is explained in the equations shown in Table 1. The Test 1 narrative description in the Dead-Band document states “The positive net impact on the Flowgate is less than or equal to 10 MW and less than or equal to 10 percent of the requested demand.”⁸ Bonneville does not use the net impact of a redirect in consideration in Test 1 implementation, and uses the total impact of the child. This implementation is consistent with treating the re-direct as a new request for service, however Bonneville recognizes the need to align the document and implementation. The narrative description of Test 2 states “The positive net impact on the Flowgate is less than or equal to 10 MW and the original flowgate impact divided by the new flowgate impact is greater than or equal to 80 percent.” As Bonneville has explained during the customer workshops, the Test 1 is applied to each TSR. In Test 1, if the Point of Receipt (POR) Power Transfer Distribution Factor (PTDF) minus the Point of Deliver (POD) Power Transfer Distribution Factor is less

⁸ *De Minimis* Impact Dead-Band for Network Flowgates, Version 15 at 2.1.1.

than 0.10 percent and the impact of the TSR is less than 10 MW, then the *De Minimis* Policy applies on a flowgate. For redirects, both the parent TSR and the child TSR have Test 1 applied.

Bonneville also notes that it has not previously applied Test 2 in the short-term horizon. Bonneville has explained its *De Minimis* Policy as it applies to short-term requests in the Available Transfer Capability Identification Document (ATCID).⁹ The ATCID explains that Bonneville applies Test 1 to short-term requests, but it does not explain about the netting of redirects. Under Bonneville's current implementation when redirects are submitted, Bonneville nets the impact of the short-term redirect request against the impact of the parent. Should the parent have a *de minimis* impact on a flowgate, it will be treated as a zero for calculation of the net impact.

While Bonneville is conducting the customer engagement process, Bonneville will not implement Test 2 as described in the Dead-Band document to requests in the short-term horizon. Prior to the customer engagement process, it is not clear whether or not Test 2 as implemented in the long-term is the appropriate process for the short-term. Differences in volume of redirects between long-term and short-term result in different risks between the time horizons, and must be considered in the development of the ultimate solution.

It will require a considerable investment in time and resources to customize the short-term TSR evaluation software to add Test 2. Additional staff resources would be required for system testing. It would take an estimated \$40,000 and a minimum of 8 months which would be based on the vendor's availability to implement necessary updates to existing systems to implement Test 2. In addition, several of the resources necessary for implementation are also required for the customer engagement. Bonneville does not think it is practical to implement Test 2 for short-term TSRs before considering alternatives through the customer engagement process.

Bonneville recognizes that customers are impacted by the current implementation of the *De Minimis* Policy. Bonneville staff are available to assist customers. If customers have questions on the processing of Transmission Service Requests (TSRs), how to find and understand ATC information, or what tools are available on OASIS and the external BPA Transmission website, customers may call the Reservation Desk at 360-418-8499 or submit an email to their Account Executive and TBLResdesk@bpa.gov.

⁹ Available Transfer Capability Implementation Document at 782-785.

V. Conclusion

Bonneville recognizes that inconsistencies between our documentation and implementation have created customer consternation and confusion. Bonneville commits to continued engagement on the *De Minimis* Policy. Bonneville would like customer input to achieve the correct balance between granting transmission requests that have inconsequential impacts that don't have meaningful or measurable impacts to the transmission system and limiting operational and reliability risk on the transmission system. Bonneville commits to engaging in the six-step process for policymaking through customer workshops. After completing the customer engagement process, Bonneville expects to propose updates to the Dead-Band Document and/or our implementation procedures, as appropriate, by the end of May.

Bonneville appreciates the concerted effort of customers to identify concerns with Bonneville's *De Minimis* Policy, practice, and systems. Your voice has helped highlight the broader scope of the misalignment that reaches beyond the short-term market horizon. We are looking forward to continuing to partner with you to find the right solution then follow-up by aligning what we say with what do in both the short-term and long-term markets.