

Bonneville's Response to Comments on the Coordinated Transmission Agreement

Bonneville received comments and edits from eight transmission customers and stakeholders on the draft Coordinated Transmission Agreement (CTA) with the California Independent System Operator (CAISO). The purpose of the CTA is to ensure that the CAISO's Energy Imbalance Market (EIM) continues to operate reliably across Bonneville's transmission system. Several entities, such as Public Generating Pool (PGP), Portland General Electric (PGE), and Seattle City Light express general support for the CTA. Bonneville appreciates these general statements of support. Edits and comments on specific sections of the CTA are discussed below and Bonneville has posted a redlined CTA as well.

Section 1.1

The Public Power Council (PPC) agrees that section 1.1 should eliminate Bonneville's obligations to perform under the CTA based on the provisions of section 1.1, itself, and not FERC action or inaction. However, PPC proposes to revise section 1.1 to make this clearer. Specifically, PPC proposes to revise the third sentence of section 1.1 so it reads:

Termination will be effective upon acceptance of the notice of termination by FERC; provided, however, that except as provided in section 4.3, Bonneville's rights and obligations under this contract will terminate as of the termination date provided in the advance written notice of termination or the date of the Parties' consent to terminate, whichever occurs first, regardless of any action or inaction by FERC with respect to any application by the CAISO to terminate this Agreement.

Bonneville Response:

Bonneville and the CAISO will accept this change since it clearly sets forth when Bonneville's rights and obligations under the CTA will cease. Bonneville and the CAISO, however, will change "under this contract" to "under this Agreement" since the CTA is referred to as "Agreement" in several other places.

Section 1.2

PPC proposes that section 1.2 be broadened to extend Bonneville's right to withdraw in response not only to compulsory FERC changes, but also to changes voluntarily but unilaterally requested by the CAISO, as provided in section 6.1. Accordingly, PPC proposes the following revision to section 6.1 (revisions are underlined):

In the event FERC requires the CAISO to make any modification to this Agreement, or imposes any other modification or condition upon its acceptance or approval of this Agreement, or approves a Party's application pursuant to section 6.1 of this Agreement for a modification in the terms and conditions of this Agreement, each Party shall have ten (10) business days to notify the other Party that any such modification or condition is unacceptable to that Party as determined in that Party's sole discretion.

Bonneville Response:

Bonneville and the CAISO will make this change because it reflects the intent of sections 1.2 and 6.1.

Section 1.3

PPC states that the third sentence of section 1.3, which begins, “[i]f BPA or the CAISO, in their sole discretion, determines[,]” could be interpreted as providing collective, rather than individual, discretion to each Party over its transmission system. PPC suggests the following revision (revisions are underlined):

If Bonneville or the CAISO, each in its sole discretion, determines that the actions required by this Agreement will harm the reliability of its transmission system, Bonneville and the CAISO, as the Transmission Operators and Balancing Authorities, each retain the right to take any appropriate action consistent with their tariffs, operating procedures, operating plans, dispatch directives, or business practices to maintain reliability.

Bonneville Response

Bonneville and the CAISO will make this change. Each entity retains the right to take actions to preserve the reliability of its transmission system.

Section 2.1

Puget Sound Energy (PSE) proposes to revise the definition of “Bonneville Managed Facilities” to read (revisions are underlined):

2.1 Bonneville Managed Facilities: The transmission paths or transmission facilities that: 1) Bonneville establishes on its transmission system or any other transmission facilities for which Bonneville is the Transmission Operator and has operational control; 2) Bonneville determines are impacted by the EIM (recognizing that such facilities may have different limits depending on the direction of flow on them) and could reasonably affect Bonneville's ability to provide

reliable transmission service to EIM participants or any of its other transmission customers; and 3) are listed in section 1 of Exhibit C.

PSE also proposes that the addition or removal of Bonneville Managed Facilities in section 1 of Exhibit C be coordinated with the region.

PacifiCorp would like Bonneville to clarify that the definition of Bonneville Managed Facilities only includes Bonneville facilities and not the facilities of any third parties. In addition, when Bonneville Managed Facilities are added or removed from Exhibit C, there should be some type of public notification if there is not an amendment filed at FERC.

Bonneville Response:

The addition of “transmission” clarifies that Bonneville Managed Facilities are transmission facilities, not generation facilities or other types of facilities. This is the intent of the definition and Bonneville and the CAISO will make this change.

Bonneville will not add the phrase “and has operational control” because it is responsible for ensuring the reliable operation for any transmission facilities for which it is the Transmission Operator. This includes ensuring that the EIM does not harm reliability on such facilities. Bonneville also notes that such a phrase is unnecessary because Bonneville has operational control over the transmission facilities it operates. Similarly, Bonneville will not clarify that the definition of Bonneville Managed Facilities only includes transmission facilities that Bonneville owns. Bonneville is the Transmission Operator for a limited number of transmission facilities owned by third parties and such facilities are included in the definition of Bonneville Managed Facilities.

As to PSE’s proposed parenthetical, “(recognizing that such facilities may have different limits depending on the direction of flow on them),” Bonneville agrees that limits can be different depending on the direction of flow, but it does not believe this clarification is necessary in the definition of Bonneville Managed Facilities. However, as stated below, Bonneville and the CAISO will change the definition of “Managed Limit” to reflect that such limits vary by the direction of flow.

Regarding PSE’s and PacifiCorp’s suggestion that the addition or removal of Bonneville Managed Facilities be coordinated with the region or that notice be provided, it is Bonneville’s responsibility to preserve the reliability of the transmission facilities it operates, and Bonneville will determine which transmission facilities are impacted by the EIM. Exhibit C does have a 120-day notice period and these changes will be posted to inform affected transmission customers. This should provide ample time to resolve any issues with adding a Bonneville Managed Facility.

Section 2.8

PacifiCorp would like the CAISO to clarify how it calculates EIM Area Total Flow.

Bonneville Response:

As defined, EIM Area Total Flow includes all CAISO market flow impacts in the EIM Area. EIM Area Total Flow is composed of flows resulting from EIM base schedules, CAISO day-ahead schedules, and the operation of the real-time market, including the EIM. These flows result from base schedules and bi-lateral transactions (to/from) EIM Entity balancing authorities where the source or sink is in the EIM Area, plus the aggregate power flow contribution from the dispatch of participating resources and imbalance energy deviation from non-participating resources.

Section 2.11

PSE notes that the terms “EIM Transmission Service Provider” and “EIM Entity Agreement” appear in the definition of EIM Entity in section 2.11, but these terms are not defined. PSE proposes to use the definitions in the CAISO tariff to define both terms.

Bonneville Response:

Bonneville and the CAISO will make this change.

Section 2.13

Puget Sound Energy (PSE) proposes to revise the definition of “EIM Transfer” to read (revisions are underlined):

2.13 EIM Transfer: The transfer of energy in real-time between an EIM Entity Balancing Authority Area and the CAISO Balancing Authority Area, or between EIM Entity Balancing Authority Areas, using transmission capacity on Bonneville’s transmission system made available to the EIM.

Bonneville Response:

PSE’s revision would make the definition of EIM Transfer inconsistent with the CAISO tariff definition of the same term, which is not limited to Bonneville’s transmission system. Having two definitions for the same term could lead to confusion as the CTA is being implemented.

Sections 2.17, 2.22, and 5.1

PSE states the term “EIM Incremental Flow” applies to both “the dispatch of EIM Participating Resources” and “imbalance energy from EIM non-participating resource deviations from Base Schedules.” Since PSE believes that the Upper and Lower Rate of Change definitions should not apply to the latter category, it suggests replacing the term “EIM Incremental Flow” with the term “EIM Participating Resources Incremental Flow” in the Upper and Lower Rate of Change definitions and section 5.1. “EIM Participating Resources Incremental Flow” would be defined as: “The aggregate power flow contribution from the dispatch of the EIM Participating Resources listed in section 5 of Exhibit C.”

Both PSE and PacifiCorp claim that the Upper and Lower Rate of Change definitions do not match what is currently used in the EIM model and PSE notes that the Upper and Lower Rate of Change Limits are actually directional change limits and not magnitude limits, and that the limits can vary depending upon direction. Therefore, PSE suggests that Bonneville consider using directional terminology, such as North, South, East and West Lower Rate of Change Limits, depending on the direction of each path. PacifiCorp suggests changing the definition to: “The rate of change constraints that CAISO imposes on market flow on Bonneville defined flowgates.”

PacifiCorp also states that section 5.1 implicates EIM Entities which are not parties to the CTA.

PPC suggests adding language to ensure clarity around Bonneville’s discretion to set the Lower and Upper Rate of Change Limits by specifying that discretion in the definitions. Bonneville should have sole discretion to set those limits based on the conditions of and impacts on its transmission facilities. Establishing that discretion in the definition carries forward to all uses of the term in the CTA, rather than arguably only in section 5.

Bonneville Response:

Bonneville does not believe that the addition of “EIM Participating Resources Incremental Flow” is necessary. Per section 5.1, the CAISO will only use EIM Participating Resources in Exhibit C to manage the Lower and Upper Rate of Change Limits. To clarify this further, Bonneville and the CAISO will add, “using EIM Participating Resources listed in Exhibit C,” to the definitions in section 2.17 and 2.22.

It is unclear what PacifiCorp and PSE mean when they state that the Upper and Lower Rate of Change definitions do not match what is currently used in the EIM model. Bonneville does not believe that adding directions to the Lower and Upper Rate of Change Limits is necessary. The precise limits are not listed in the CTA, and the

Bonneville Managed Facilities to which they apply are already defined in Bonneville Dispatch Standing Orders per section 1 of Exhibit C.

It is unclear what PacifiCorp means when it says that section 5.1 “implicates” EIM Entities. Bonneville notes, however, that its business practices already require PacifiCorp to follow Bonneville’s directives regarding dynamic schedules.¹ The intent of section 5.1 is to ensure that the CAISO will take action to help fulfill PacifiCorp’s existing obligations.

Bonneville agrees with PPC that Bonneville has discretion to set Lower and Upper Limits and Bonneville and the CAISO will revise section 5.1 to make this clearer.

Section 2.18

PPC proposes that the definition of Managed Limit be clarified to ensure Bonneville’s discretion to set Managed Limit and to specify that such limits do not include defined Lower and Upper Rate of Change Limits. PSE proposes to revise the definition of “Managed Limit” to read (revisions are underlined):

The Bonneville Managed Facility flow limit on a BPA Managed Facility in a particular direction that is necessary to prevent exceedance of a System Operating Limit or Interconnection Reliability Operating Limit, as determined by Bonneville and sent to the CAISO.

Bonneville Response:

Bonneville believes there is merit in both of these suggestions and has worked with the CAISO to incorporate both into the revised definition of Managed Limit, which is now:

An operational flow limit in a particular direction on a Bonneville Managed Facility that ensures the safe and reliable operation of the Bonneville transmission system. Managed Limit does not include Lower or Upper Rate of Change Limits.

Section 5 further clarifies that Bonneville has discretion to set the Managed Limit.

Section 3 – Coordinating Committee

Both PSE and PacifiCorp request that Bonneville and the CAISO expand the scope of the Coordinating Committee to include one representative from each EIM Entity, or have a provision which provides for an opportunity for the Coordinating Committee to timely coordinate with

¹ See Bonneville’s Dynamic Scheduling and Operating business practice, which states: “BPA may limit or freeze a Dynamic Transfer (including ramp rates) into, out of or through BPA’s Balancing Authority Area at any time if the reliability of the FCRTS or associated interconnection is threatened where the Dynamic Transfer is a contributing factor to the problem being encountered, even if no other transactions or ATC are curtailed.”

each impacted EIM Entity, including coordination in advance of Coordinating Committee meetings, and to receive and consider input from each impacted EIM Entity. Any decisions made by the Coordinating Committee should be reviewed to ensure they do not compromise any agreements between Bonneville, the CAISO, and any of the impacted EIM Entities.

Similarly, the Public Generating Pool (PGP) requests that the CTA enable Bonneville to invite other impacted entities to observe or participate in the Coordinating Committee meetings if reliability or cost issues could impact Bonneville customers or stakeholders. TransAlta also believes that the Coordinating Committee should have a process for notifying potentially affected Bonneville transmission customers before revisions to the CTA are made or unanticipated operational issues are addressed.

PPC, on the other hand, states that the CTA is an important tool for avoiding, and when necessary, mitigating potential impacts on Bonneville's transmission customers of the use of Bonneville transmission facilities and services to transact in the EIM. Given that many entities have interests that they feel could be protected, PPC believes it is best to define the participants tightly so as to avoid preferential representation of any particular type of entity or interest other than Bonneville and the CAISO. PPC explains that both Bonneville and the CAISO have obligations to provide public processes for the discussion and resolution of matters of general concerns. These processes should be the venues for discussions of the proposed Agreement and its implementation outside of discussions solely between the parties.

Bonneville Response:

Bonneville agrees with PPC's statement above. Given that all Bonneville transmission customers have an interest in ensuring that the EIM operates reliably across Bonneville's transmission system, it would be impractical to invite them all to Coordinating Committee meetings. Similarly, only inviting a single subset of Bonneville transmission customers may result in the perception that certain customers or customer groups have preferential representation. As PPC has stated, Bonneville will continue to coordinate with all impacted stakeholders and will continue to provide public processes for the discussion and resolution of matters of general concern. Bonneville will review decisions made by the Coordinating Agreement to ensure that decisions made by the Coordinating Committee are consistent with its existing agreements. Bonneville, however, believes that adopting PPC's proposed language in section 3.1 is unnecessary because section 3 already limits representation on the Coordinating Committee to each Party's lead representative and other representatives from their respective organizations. Bonneville and the CAISO will adopt PPC's proposed revision to section 3.1.1.

To address TransAlta's concern, if the Coordinating Committee determines that material changes or additions are needed in the CTA, Bonneville and the CAISO will ensure that such changes are fully vetted with EIM Entities and other impacted stakeholders.

Section 4.2

Section 4.2 provides that the Parties “shall consider what, if any, adjustments to Exhibit B may be necessary to provide Bonneville full and transparent visibility of impacts on Bonneville’s transmission” PPC comments that this falls short of an obligation of the Parties to ensure that Bonneville has “full and transparent visibility of impacts.”

TransAlta states that the CTA does not mention how exchanged data will be accessible to transmission customers via OASIS.

Bonneville Response:

Bonneville believes that PPC’s proposed change is unnecessary. The current language requires the parties to consider any needed changes to the data described in Exhibit B and one of the charges of the Coordinating Committee will be an ongoing review and updating of the data that is listed in Exhibit B. In addition, the new TOP standards will require adjacent balancing authorities to work cooperatively on exchanging necessary data for reliable operations.

Regarding TransAlta’s comment, the data sharing provisions of the CTA reflect that it is a bilateral agreement between Bonneville and the CAISO. Due to the confidentiality provisions in the CTA, Bonneville is unable to share any non-public information it receives from the CAISO. Public information is, by definition, already available to transmission customers.

Section 4.3

PSE proposes to revise section 4.3 to read (revisions are underlined):

4.3.3 The Receiving Party shall immediately notify the Providing Party of any breach of this Agreement, including any instance of disclosure of non-public data or information to a third party.

Bonneville Response:

The intent of section 4.3.3 was to prevent the disclosure of non-public data or information to a third party. PSE’s proposed revision makes this clear and Bonneville and the CAISO will adopt it.

Section 5

Several commenters expressed general concerns with section 5. These general concerns are addressed by topic: (i) implementing section 5, (ii) the type of public process used to implement section 5, and (iii) whether section 5 is too specific or not specific enough. After discussing these three general topics, specific comments and edits to subsections of section 5 are addressed.

Implementing Section 5

All commenters want to make sure that they have input in the implementing the CTA, especially sections 5.2 through 5.4. Bonneville will commit to having technical discussions with EIM Entities regarding implementation. Bonneville will also hold public meetings to explain how it believes these sections should be implemented and address other stakeholders' concerns. To reinforce Bonneville's and the CAISO's commitment to implementing sections 5.2 through 5.4 through an open and transparent process, section 5.11, which concerns implementation, will be revised to read:

The Parties will develop operating procedures and business practices to implement the provisions of this Agreement as soon as practicable and will coordinate with EIM Entities and other impacted parties during this development process. To implement sections 5.2 through 5.4, the Parties shall hold technical discussions with EIM Entities and other impacted parties to obtain comments on the necessary procedures. The Coordinating Committee shall oversee the initial development and the ongoing review of the associated operating procedures and implementation schedules, phased or otherwise.

Bonneville, however, will limit the scope of all these discussions to how to implement the CTA, and will not engage in further discussions of the merit of these particular sections. Bonneville also does not agree with PSE that the relationships between Bonneville and the EIM Entities need to be established or formalized.² Such relationships are already established or formalized through Bonneville's tariff and business practices.

Type of Public Process to be Used in Implementing Section 5

In response to Seattle City Light's comment stating that Bonneville should use existing public processes, such as the Commercial Operations KSI, to implement the CTA,³ Bonneville's initial view is that the CTA involves unique issues and, for reasons of efficiency and scope, a separate process may be necessary, at least initially. Nonetheless Bonneville agrees with Seattle City Light that it and the CAISO must carefully consider the business practices they will establish regarding curtailment of schedules and that it is be important that there is clear accountability for curtailments or EIM redispatch.⁴

Whether section 5 is too specific or not specific enough

² PSE's comments, page 6.

³ Seattle City Light comments, page 1.

⁴ Id. at 2.

Commenters are also concerned that section 5 is either too specific or that it is not specific enough.⁵ TransAlta and PacifiCorp, for example, state that section 5.4 lacks specificity, whereas Seattle City Light believes section 5 is too prescriptive. Bonneville and the CAISO attempted to strike a balance between describing the concepts and ideas of the CTA in sufficient detail that it can be implemented while still maintaining flexibility to give stakeholders a meaningful voice in implementation throughout the term of the CTA. For instance, given the expected duration of the CTA, Bonneville does not believe an all-inclusive list of conditions that trigger section 5.4 can be developed. Similarly the specific duration that section 5.4 is in effect may vary depending on the type and severity of the event. Bonneville and the CAISO continue to believe that the language in section 5 allows for flexibility without being overly prescriptive.

Section 5.2

PacifiCorp states that section 5.2 adds a new tool that gives Bonneville broad authority to re-dispatch or block the re-dispatch of generation in and between other BAAs in order to control flow within Bonneville's BAA, which will impact balancing and economic dispatching throughout the EIM footprint. PacifiCorp alleges that Bonneville has already implemented a very similar automated tool to block the increase of EIM Transfers between BAAs. It claims that Bonneville asserted the tool would be used for brief emergency periods when transmission events occurred, but instead blocked firm schedules unnecessarily and unfairly.

PSE, PGE and PacifiCorp believe that section 5.2 would impose costs on EIM Participating Resources and that the owners of such resources should be compensated for such costs because imposing limits on the EIM Area Total Flow without compensation: (i) limits flows from EIM Participating Resources and other resources and (ii) unfairly imposes the costs of congestion of limitations of Bonneville's transmission facilities solely on EIM Entities. These entities state that section 5.2 of the CTA benefits transmission customers, including those that are not EIM Entities (i.e., by not curtailing PTP customers or redispatching NT customers), and Bonneville. Finally, PSE asks whether section 5.2 purports to increase obligations on EIM Entities.

Bonneville Response:

First, the principle of section 5.2 – that EIM Area Total Flow should not exacerbate an exceedance of a Managed Limit – has been recognized throughout numerous Bonneville public processes since 2014.⁶ This is not a new principle, but it will be implemented

⁵ Id. at 1 (“City Light suggests that BPA and CAISO consider more general language. . .”). PSE’s comments, page 6 (“The Draft CTA, as proposed, does not provide sufficient detail . . .”). PacifiCorp comments, page 4 (“Section 5.4 needs to be reworded to more clearly identify its intended purpose.”). TransAlta comments, page 1 (“Section 5.4 lacks necessary specificity.”).

⁶ See https://www.bpa.gov/transmission/CustomerInvolvement/Energy-Imbalance-Market/Documents/BPA_CM_041514_Final.pdf, slide #2 (April 15, 2014), <https://www.bpa.gov/transmission/CustomerInvolvement/Energy-Imbalance-Market/Documents/20160218-stkhldr->

through the CTA. This principle is necessary to ensure that EIM Area flows do not negatively impact the reliability of the Bonneville transmission system.

Second, PSE, PacifiCorp, and PGE seem to approach section 5.2 as an infringement of their rights under their transmission contracts with Bonneville and that they should be compensated for such an infringement. Bonneville disagrees. Bonneville provides comparable treatment to all similarly situated customers and Bonneville's Dynamic Transfer Operating and Scheduling Requirements business practice expressly reserves Bonneville's right to limit dynamic schedules:

BPA may limit or freeze a Dynamic Transfer (including ramp rates) into, out of or through BPA's Balancing Authority Area at any time if the reliability of the FCRTS or associated interconnection is threatened where the Dynamic Transfer is a contributing factor to the problem being encountered, *even if no other transactions or ATC are curtailed*. (emphasis added).

Therefore it would be inappropriate to provide compensation to EIM Participating Resources under section 5.2 because Bonneville's business practice expressly reserves Bonneville's right to take actions that go beyond anything contemplated in section 5.2. As quoted above, Bonneville's business practice gives it not just the ability to prevent dynamic transfers from increasing, but it also gives Bonneville the ability to freeze dynamic transfers (prevent dynamic transfers from increasing or decreasing). Section 5.2 only requires the CAISO to not increase EIM Area Total Flow.

Furthermore, it appears that PacifiCorp, PSE, and PGE want to receive compensation to mitigate constraints that their use of the transmission system either created or is making worse. Bonneville is concerned that providing compensation to mitigate constraints would create a paradigm where its customers have a financial incentive to create or exacerbate a constraint and then "mitigate" it. Section 5.2, as shown above, has been identified as critical to the EIM's reliable operation on the Bonneville transmission system since the EIM began. Accordingly, Bonneville will not compensate EIM Participating Resources to ensure that the operation of such resources do not harm reliability.

Third, in its comments, PacifiCorp implicitly acknowledges that Bonneville has the right to take actions contemplated in section 5.2 without providing compensation. Namely, PacifiCorp states that Bonneville has implemented what it describes as "very similar automated tool" in the past and PacifiCorp does not argue in its comments that Bonneville did either not have authority to implement that tool or that it should have received compensation. Bonneville has not provided compensation to EIM Participating

[EIM-mtg.pdf](#), slide 28 (Feb. 18, 2016), <https://www.bpa.gov/transmission/CustomerInvolvement/Energy-Imbalance-Market/Documents/Congestion-Mgmt-BPA-Stakeholder-mtg-02202014.pdf>, slide 5 (Feb. 20, 2014).

Resources when it has implemented this “very similar automated tool” and it will not provide compensation in this instance.

Fourth, Bonneville disagrees with PacifiCorp’s characterization of how it implemented a “very similar automated tool,” which PacifiCorp does not name, but that Bonneville assumes to be its practice of freezing dynamic transfer capability on the California-Oregon Intertie when it is within 400 MW of the system operating limit. PacifiCorp states that Bonneville “decided unilaterally to use it [the tool] for other purposes.” Bonneville disagrees. Although PacifiCorp does not elaborate on what those other purposes are, Bonneville has only used the tool when it is within 400 MW of the system operating limit and, in recent months, has worked with its transmission customers to further minimize when this tool will be used.

Nonetheless PacifiCorp remains concerned that Bonneville may use section 5.2 for other purposes that it does not define. This is not the case. Under section 5.2, Bonneville must take actions consistent with its tariff and business practices in conjunction with sending the CAISO a signal to not increase EIM Area Total Flow. These requirements will ensure that Bonneville does not limit EIM Area Flow unnecessarily or unfairly. In addition, as explained above, the implementation details of section 5.2 will be subject to technical discussions with EIM Entities and public meetings, which will provide transparency to stakeholders regarding the circumstances for limitations to EIM Area Flows. Bonneville does not expect the CAISO to affirmatively take actions under section 5.2 that would limit EIM Area Flows unnecessarily and unfairly.

Finally, regarding PSE’s question as to whether 5.2 purports to increase obligations on EIM Entities, section 5.2 is the mechanism for implementing the principle of the EIM not exacerbating reliability problem on the Bonneville transmission system. This principle has been agreed to and understood by the CAISO and EIM Entities since the beginning of the EIM. Rather than increase obligations on EIM Entities, section 5.2 further defines the parameters for the use of EIM dynamic transfers on the Bonneville transmission system.

Section 5.3

PacifiCorp and PSE are concerned about the potential for the disproportionate curtailment of EIM Entities. PSE states that Bonneville should establish a principle that an EIM Entity should not experience curtailment to the extent that it is providing redispatch under section 5.3 of the CTA. PSE claims that Bonneville indicated that if EIM Entities delivered “requested curtailment” amounts under section 5.3 of the CTA (presumably including reduced flows as a result of resupply) but other transmission customers do not, Bonneville would seek additional curtailment from non-EIM Entities. PSE also proposes to revise section 5.3 to specify which e-Tags count towards the relief provided in section 5.3

PacifiCorp is concerned that Section 5.3 gives Bonneville the ability to re-dispatch generation in other BAAs without adequate visibility or knowledge of the balancing or transmission impacts.

PacifiCorp also asks a series of questions concerning Bonneville's ability to identify schedules on a given path are included in the EIM Area Total Flow calculation, the methods Bonneville would use to identify whether EIM transfers for subsequent periods should be further released and to identify what percentage of each of the identified paths should be made available for EIM flows vs. bilateral schedules, and an assurance that Bonneville will not use section 5.3 "out of convenience for any purpose."

Finally, PSE asks whether section 5.3 purports to increase obligations on EIM Entities.

Bonneville Response

Bonneville agrees that EIM Entities should not – and will not – be subject to disproportionate curtailments under section 5.3. Section 5.3 only gives Bonneville the right to ask for flow relief that is in proportion to the total amount of flow relief needs.

PacifiCorp's concern that section 5.3 gives Bonneville the ability to re-dispatch generation in other BAAs without adequate visibility or knowledge of the balancing or transmission impacts is unfounded. Section 5.3 gives the CAISO, not Bonneville, the ability to re-dispatch generation. Bonneville will determine the EIM share of the required flow relief and send this amount to the CAISO. The CAISO will use its market platform to determine the most cost effective redispatch to achieve the flow relief. Since it is the market operator of the EIM, the CAISO should have sufficient visibility and knowledge to re-dispatch generation within the EIM Area Total Flow Limit that Bonneville sets under section 5.3.

To answer PacifiCorp's specific questions, Bonneville will identify which schedules on a given Bonneville Managed Facility are included in the EIM Area Total Flow calculation. Bonneville will also ensure that it either does not accept bilateral schedules in subsequent periods or curtails such schedules to ensure that no entity is disproportionality harmed. Bonneville will also ensure that the pro-rata relief obligation of EIM Area Total Flow is in proportion to the total amount of flow relief Bonneville needs. This applies to the current interval and subsequent intervals. The precise way this will be done will be developed per section 5.11 and will involve holding technical meetings with EIM Entities and other impacted parties (see above).

As for PacifiCorp's concern that Bonneville will implement section 5.3 out of convenience, Bonneville notes that its tariff requires curtailments to be done on a non-discriminatory basis. Also section 5.3 only applies when Bonneville is curtailing bilateral transmission schedules.

Finally, section 5.3 does not increase obligations on EIM Entities. Bonneville's tariff already gives Bonneville the right to curtail transmission schedules, and as explained above, redispatch under section 5.3 will be proportional to the total amount of flow relief that Bonneville needs.

Section 5.4

PacifiCorp states that section 5.4 may not be needed because there is an existing Northwest Power Pool procedure in place to address these events.

PGE also states that section 5.4 may not be necessary given Bonneville's existing processes for managing congestion relief on the South of Allston (SOA) path, including its acquisition of third-party supplied capacity in the form of incremental, decremental, and demand-side management load reduction rights. If section 5.4 is retained, PGE suggests that section 5.4 be revised to clarify that Bonneville and the CAISO are not able to call on specific EIM Participating Resources to resolve SOA-related system issues unrelated to an EIM Participating Resource's use of their Bonneville transmission rights on that path, whether through EIM or standard bilateral scheduling.

Given that Bonneville has engaged the region in other processes to pay for congestion alleviation across the SOA path, if Bonneville retains Section 5.4, PGE believes it is reasonable to expect that Bonneville will provide direct compensation to the appropriate entities. PGE believes this compensation should be commensurate with the relief provided by the affected BAA and generation owners and that Bonneville should not simply rely on the economic settlement of the EIM to hold harmless the affected entities.

PPC believes it more appropriate to obligate the CAISO to do more than simply "endeavor" to provide the requested relief, which provides no assurance of effective effort. Although PPC understands that the CAISO cannot make changes to EIM Entity base schedules and that it has no direct ability to "adjust generation," PPC does not feel that it is a burden on the CAISO to take "reasonable efforts" to make the requested dispatches. This would require the CAISO to make those efforts that it is able to make, rather than leave the selection of means or level of effort up to employees on duty at the time.

Finally, PSE asks whether section 5.4 purports to increase obligations on EIM Entities.

Bonneville Response

Both PacifiCorp and PGE state that section 5.4 may not be necessary. PacifiCorp argues that there is an existing Northwest Power Pool procedure in place to address these events. Section 5.4 specifically acknowledges such procedures and it will not supersede them.

Instead it is intended to ensure that the EIM operates in a way that helps to ensure reliability during a South of Allston contingency.

PGE argues that section 5.4 may not be necessary because Bonneville has already purchased third-party capacity to alleviate SOA events. This third-party capacity cannot be called on during or immediately after a contingency, which is what section 5.4 contemplates. Therefore, Bonneville's purchase of third-party capacity does not obviate the need for section 5.4.

As to what resources CAISO may call on to mitigate a SOA event, this is established through the CAISO tariff, not the CTA.

Bonneville disagrees with PGE that any compensation is warranted under section 5.4. Generation that may be reduced north of SOA would be reduced due to a reliability reason and Bonneville provides no such compensation today for such reductions. Similarly, generation that the CAISO dispatches from south of SOA would be compensated through the CAISO tariff. Accordingly, there is no basis to support additional compensation because section 5.4 is consistent with current practices.

Bonneville will not accept PPC's edit to require the CAISO to use "reasonable efforts" to redispatch generation under section 5.4. It is Bonneville's understanding that the CAISO's ability to redispatch generation per section 5.4 is limited and section 5.4 necessarily reflects that.

Finally, section 5.4 does not increase obligations on EIM Entities. Bonneville's tariff already gives Bonneville the right to curtail transmission schedules and the actions taken under section 5.4 will be proportional to the total amount of flow relief that Bonneville needs. EIM Entities are already required to provide relief through Bonneville's tariff.

Section 5.6

PacifiCorp is concerned about the language giving Bonneville and the CAISO sole discretion to amend or revise tariffs and business practices without feedback or input from impacted entities. PacifiCorp would encourage Bonneville and the CAISO to provide a posting and comment period for such changes to be reviewed.

In contrast to PacifiCorp, PPC proposes to revise section 5.6 to make it even clearer that Bonneville has the right to amend or revise its business practices.

Bonneville Response

To address PacifiCorp's concern, it should be restated that the CTA is a bilateral agreement between Bonneville and the CAISO. The CTA does not change or supersede

Bonneville's existing processes regarding customer involvement prior to revising its tariff or business practices.

Bonneville and the CAISO will largely adopt PPC's proposed revision. It clearly states that Bonneville has the right to operate its transmission system in accordance with its tariff and business practices. However, section 5.6 will not state that any party may change its tariff "regardless of any provision in this Agreement" because that could arguably mean that Bonneville or the CAISO could supersede certain provisions of the CTA by amending their respective tariffs or business practices.

Section 5.7

PacifiCorp questions whether waivers by a recorded phone line are practicable. Waivers in writing would be more customary and acceptable.

Bonneville Response

Section 5.7 provides for waivers of limits set forth in section 5 in writing or by a recorded phone line. Scenarios where Bonneville might waive a limit under section 5.7, such as a real-time curtailment event, will generally require a quick response that may be done more effectively over a recorded phone line than in writing. Bonneville and the CAISO believe it is appropriate to leverage that capability here to effectuate the purpose of section 5.7.

Section 5.9

PacifiCorp asks for an explanation of the rate impact to customers that are contemplated in section 5.9.

Bonneville Response

Section 5.9 states that the CTA does not prevent Bonneville or the CAISO from establishing rates to enforce the limits on Bonneville Managed Facilities. For Bonneville, such rates would be set in accordance with section 7 of the Pacific Northwest Electric Power Planning and Conservation Act, 16 U.S.C § 839e *et seq.* Section 5.9 also allows Bonneville to ask the CAISO for data that would be helpful in assessing such a rate. This is to help ensure that any such rate is assessed correctly.

Section 5.11

PPC proposes to revise the CTA to explicitly list “Bonneville transmission customers” and not “other impacted parties” with whom Bonneville and the CAISO will coordinate to implement the CTA. PPC states Bonneville transmission customers are the “impacted parties” as they must share the transmission system with EIM transfers and are the parties who would in fact be impacted by failures of systems, procedures, and implementation.

On a related matter, PPC asks Bonneville for more details concerning slide 3 of its presentation at the December 3 public meeting, which stated that “[t]he CTA does not contain new concepts or ideas. Rather, it formalizes what has been previously agreed to in practice or in principle, even though the implementation of some of these concepts and ideas were deferred.” Specifically PPC asks Bonneville to identify fully (a) the concepts and ideas that were deferred and are now included in the proposed Agreement and (b) any concepts or ideas that were deferred and are not included in the proposed Agreement.

Seattle City Light is concerned that the proposed agreement contains only minimal protections for customers if the impacts of this Agreement are not as anticipated. Seattle City Light requests that Bonneville provide some regular reports of progress or outcomes related to this Agreement in order to permit evaluation of the results of the Agreement. Furthermore, Seattle City Light requests that BPA publish the implementation cost estimates.

Bonneville Response:

Bonneville does not believe that “BPA transmission customers” should replace “other impacted parties” in section 5.11. It is possible that the CTA may have some effect on the CAISO’s participating transmission owners and EIM Entities outside of the Pacific Northwest. These entities may or may not be Bonneville transmission customers. Such entities should not be precluded from participating in the implementation of the CTA simply because they are not Bonneville transmission customers.

In regard to PPC’s request, the concepts and ideas in sections 5.2 through 5.3 were deferred when the EIM began operation and are now included in the CTA. Section 5.4 is an enhancement of the concepts contained in section 5.3. There are no other concepts and ideas that were deferred when the EIM began operation. Bonneville also notes that the CTA formalizes data sharing and establishes regular meetings. Both have occurred since the EIM began operation.

Bonneville does not agree that additional protections in the CTA for customers would be warranted. The CTA benefits Bonneville’s customers because it makes clear that Bonneville has access to certain data that will make it more operationally responsive to conditions on its system and hopefully will have to curtail less schedules in case of an event on Bonneville’s Managed Facilities. Seattle City Light (or any other customer or stakeholder) is welcome to inquire about the realized benefits to Bonneville and its customers of the CTA as it is implemented. In regard to costs, it is necessary to

determine the necessary steps to implement the CTA before a cost estimate can be provided.

Section 6.3

PPC agrees with the goals of the section but would like this section to clarify that the CTA would be governed “solely” by federal law and contain an express acknowledgement of Bonneville’s reservation of its sovereign immunity and jurisdictional defenses.

Bonneville Response

Bonneville believes section 6.3 as written provides a sufficient acknowledgement and agreement that the CTA relative to Bonneville’s interests will be governed by Federal law. An express acknowledgement regarding sovereign immunity and jurisdiction is unnecessary. Waiver of sovereign immunity requires an act of Congress; thus, Bonneville cannot waive sovereign immunity.⁷ Moreover, nothing in the CTA precludes Bonneville from raising a jurisdictional defense should it consider it appropriate to do so.

⁷ See *Fed. Aviation Admin. v. Cooper*, 132 S.Ct. 1441, 1448 (2012) (stating, “We have said on many occasions that a waiver of sovereign immunity must be ‘unequivocally expressed’ in statutory text.”).