

# **Response to Customer Comments – NETWORK OPERATING AGREEMENT**

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## **NETWORK INTEGRATION TRANSMISSION SERVICE**

Version 3  
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# Response to Customer Comments – NETWORK OPERATING AGREEMENT

## Version 3

This document contains customer comments and Bonneville Power Administration Transmission Services’ response to the **Network Operating Agreement Template, Version 3** shared for comment prior to the **February 10, 2020 Network Operating Committee meeting**.

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## A. Overview and Background

The TC-20 Settlement Agreement (Settlement) led to the adoption of Bonneville Power Administration's (BPA) current Open Access Transmission Tariff (Tariff or OATT), effective October 1, 2019. This included revision of Attachment G to remove the previous Network Operating Agreement (NOA) and replace it with a list of topics to be included in NOAs. The Settlement required that BPA "*develop a template Network Operating Agreement in collaboration with customers, and bilaterally negotiate individual agreements.*"<sup>1</sup>

BPA has been utilizing the Network Operating Committee (NOC) to collaborate with Network Integration Transmission Service (NT) customers and to propose draft templates and solicit feedback.

The version of the NOA that was shared prior to the February 10, 2020 NOC is referred to as version 3 and is the baseline from which these comments are addressed.

The revised template shared with these responses is labeled as version 0.4.

BPA appreciates the willingness of NT customers to comment on the NOA template and recognizes that the ongoing communication has led to, and will continue to lead to, improvements for all NT customers and the operation of the network.

Consistent with the last review of the NOA document, customer comments and BPA responses have been consolidated in this document. Version 4 of the NOA template is being published as both redline and clean documents.

Where possible, similar customer comments have been grouped to provide a single response. The organization of responses follows the sections in the NOA. More general comments or those spanning multiple topics are addressed at the end.

Quotations of customer comments are shown in *italics*. Summarized comments are shown in the standard font. Where customers have proposed specific textual changes to the NOA template, those changes have been shown in *red italics*.

There have been some formatting changes and corrections in this version of the NOA template. These non-textual changes have not been identified in the redline document.

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<sup>1</sup> TC-20 Settlement Agreement, Attachment 1, Section 6.b, [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)

## B. General Changes

These changes are not related to any specific customer comment, but are part of an overall consistency and simplification effort.

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<No customer comment>

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### BPA Response

Minor formatting changes and updates have been applied to this version. Changes are excluded from the redline version for readability.

As in the prior version, the MS Word version has a functional navigation pane to quickly jump to any section.

In an effort to improve consistency in the NOA Template, BPA has updated all references to either “Standards” or “Practices” to reference “Standards and Practices.”

## C. Recitals

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<No customer comment>

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### BPA Response

BPA moved two obligations from the Recitals to §3 Obligations of the Parties to better align with the purpose of both sections.

## D. Section 2 Exhibits

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<No customer comment>

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### BPA Response

BPA renamed “Exhibit B Other Operational or Technical Interconnection Requirements” to “Exhibit B Other Operational or Technical Requirements.” This change brings the title in line with the intent of the exhibit as stated in the template document (to identify requirements and obligations that may be unique to the NT customer) and in previous responses to customer comments.

## E. Section 3 Obligations of the Parties

The following comment was received and is summarized below:

Umatilla Electric Cooperative offered the following comment:

*Sub-section (b) requires “Transfer of data between their respective control centers as required to maintain reliability of the Transmission Provider’s Transmission system.” The footnote associated with this obligation indicates that the data that BPA may require may include, but are not limited to various information, including heat rates, fuel costs, and operational characteristics of designated resources. UEC questions the need for any information that is arguably proprietary. Moreover, given BPA’s functional structure, providing this information may cause issues in terms of standards of conduct between BPA’s Transmission and Power Services business lines, which could be problematic for owned as well as contracted for resource output.*

### BPA Response

BPA has continued to make adjustments to the draft NOA to improve its organization and consistency. In the previous version of the draft NOA, §14.b Administration of Provisions was clarified to identify that the Tariff and the Service Agreement were incorporated into the NOA, and in the event of a conflict, the Tariff would govern. Some of the language in the previous draft of the NOA duplicated Tariff language.

BPA has made a revision to §3 Obligations of the Parties to better align with the Tariff and to avoid unnecessary specificity where such requirements already exist in the Tariff or in the Standards and Practices. The obligations have been adjusted to better align with the Tariff.

The footnotes of concern to Umatilla Electric Cooperative in this section have been removed. BPA is committed to working with customers to develop mutually acceptable NOAs that accommodate BPA’s needs for information as provided in its OATT, for example §§29.2(vi) and 35.2, and recognizes customers’ limitations in sharing commercially sensitive information.

Further response to this and related comments can be found in section H of this document, on the topic of Customer Information Requirement.

Regarding the comment related to standards of conduct, BPA’s policy on FERC Standards of Conduct is available on BPA’s external website.

<https://www.bpa.gov/transmission/Doing%20Business/Pages/StandardsofConduct.aspx>.

As the policy describes, providing access to transmission service and transmission information on a not unduly discriminatory basis and without undue preference is a cornerstone of open access transmission service. While not required to do so by FERC, BPA follows Order 717, which sets forth the standards of conduct requirements that prevent a transmission provider's Marketing Function from gaining any kind of undue advantage in the market or preferential access to transmission.

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<No customer comment>

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### **BPA Response**

As part of this revision, BPA moved two obligations from the Recitals to §3 Obligations of the Parties to better align with the purpose of both sections.

BPA made further additions and corrections to this section to provide a more comprehensive overview of the obligations of the Parties associated with providing and receiving Network Integration Transmission Service (NT) and to align with the Tariff.

## **F. Section 5 Interconnected Facility Requirements**

Multiple comments were received and are summarized in the following sections.

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Mason County PUD 3 noted the following comments in regards to §5(c):

*Section 5(c)(2). Mason 3 asks that existing agreements be referenced under this Section and included in Exhibit A. It is Mason 3's understanding it has at least two (2) agreements in place specifically dealing with site access. Many of these older agreements may need to be updated or rescinded depending on its current relevance.*

And

*Mason 3 offers that utility-specific items be incorporated by adding a new sub-section (4). Below is a Mason 3 ask and the example of how it would be utilized.*

*[New Section 5(c)(4)]*

*Unescorted access is prohibited to all BPA contractors. Those with unescorted access privileges must provide notification to the other Party at the time of access.*

*Providing this type of detail within the body of the provision is clean, simple and provides the necessary emphasis on what is and is not allowable.*

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## **BPA Response**

Exhibit A is intended to reference any existing agreements, which for some customers includes access agreements. Over time, the intent may be to eliminate the stand-alone agreements and consolidate access requirements and other operational provisions in the NOA. BPA recognizes that this approach will require time and effort to implement, which may vary by customer, but considers it a practical way to balance the existing contracts with the ultimate implementation goal of consolidation in the NOA.

BPA intends to identify all related contracts when drafting a customer-specific NOA. Decisions to incorporate by reference or to replace contracts will be made in consultation with the customer.

BPA has added a footnote to Section 5 to remind readers to look to the exhibits for additional customer-specific agreements or requirements.

BPA's intent is to use the exhibits to identify customer and BPA specific requirements or provisions.

While BPA has not ruled out making changes to the body of the NOA template during bi-lateral discussions, for the majority of NT customers the use of Exhibits A, B, or C, may be a more efficient way to capture specific customer requirements. Isolating non-standard or specific customer requirements in the Exhibits simplifies the implementation of these requirements for the many organizations within BPA that need to be aware of and comply with the requirements, e.g., dispatchers, station chiefs, maintenance personnel. If the requirement mentioned in Mason County PUD 3's proposed §5(c)(4) does not already exist in a contract referenced in Exhibit A, then it could be identified in Exhibit B Operational and Technical Requirements.

This does not preclude the possibility that individual customer NOAs may require revision to the body of the NOA based on specific customer situations and the varying complexity of customer systems.

For additional information refer to the Response to Customer Comments – NETWORK OPERATING AGREEMENT version 2, 1/17/2020, pages 8-9.

## **G. Section 6 Resource and Interconnection Principles and Requirements**

Multiple comments were received and are summarized in the following sections.

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Umatilla Electric Cooperative noted the following in regards to §6(b):

*BPA proposed to move the discussion about RAS from the body of the NOA to an exhibit of the NOA. This makes sense, as RAS is said to be required and implemented on a case-by-case basis. That said, UEC believes, as was discussed at the February 10, 2020 NOC meeting, that it may be worthwhile reviewing the need and cost responsibility for RAS. More to the point, given that BPA's standards are considered to exceed mandatory and voluntary standards, it is increasingly important, as the BPA transmission system is increasingly constrained, to ensure that RAS is not being used in lieu of needed upgrades, which in turn implicates cost allocation decisions.*

Also in regards to §6(b), PacifiCorp noted:

*Second, although BPA has revised certain aspects of the "Remedial Action Scheme"-related provisions, BPA has still not justified the need for such provisions in a NOA in the first place, why point-to-point customers should be excused from sharing RAS costs, or how funding for such upgrades would be done in a manner consistent with pro forma principles.<sup>5</sup> It is unreasonable to expect customers to agree to implement any future remedial action scheme in light of these open-ended questions.*

<sup>5</sup>See, e.g. BPA 2018-2023 Strategic Plan at 50 (noting, as a BPA strategic goal, to "[o]ffer more standardized products and services by better aligning BPA's Open Access Transmission Tariff with pro forma and industry best practices").

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### **BPA Response**

The draft NOA template does not change how RAS costs are allocated and BPA disagrees that PTP customers would be excused from sharing RAS costs. As stated in a previous response to customer comments, RAS is almost always implemented on a case-by-case basis. Cost responsibility is determined by applying BPA's Facility Ownership and Cost Assignment Guidelines. The link for this document is located on BPA's external website under the Interconnection page:

<https://www.bpa.gov/transmission/Doing%20Business/Interconnection/Pages/default.aspx>.

Based on feedback during the February 10, 2020 NOC meeting, BPA is planning on having RAS on the agenda of a future NOC meeting as an opportunity to develop mutual understanding of technical and operational matters related to RAS. The NOA team also plans to elevate customer feedback internally to consider reviewing the RAS policy issues that have been raised, acknowledging that this could be a long-term undertaking based on current work streams.

BPA has deleted the last sentence of §6(b) System Protection, as the NOA contains a provision governing amendments to the NOA under §14(c).

~~“Exhibit C may be revised by agreement of the Parties, which agreement shall not be unreasonably conditioned or withheld so long as the proposed change is in accordance with the terms and conditions of the Tariff and Good Utility Practice.”~~

## H. Section 7 Customer Information Requirement

Multiple comments were received and are summarized in the following section.

Umatilla Electric Cooperative submitted the following comment in regards to §7(a):

*BPA staff presentation on Load and Resource forecast efforts was helpful. UEC reiterates its request for a calendar of sorts that identifies the specific dates and the purpose for providing information so that internal systems and staff assignments can be timely implemented. This sort of information could be used to supplement the NOA and the Tariff that both obligate Network Customers to provide information on an annual basis. Also, it is unclear, as to whether or not, the NT Dialogue Process further informs this data provision obligation or not. (Note, that this statement is contained in the Network Integration Transmission Service Overview discussed below).*

Mason County PUD 3 asked the following in relation to §7(b):

*Section 7(b)(1). Mason 3 suggests the following language:*

*“The Network Customer shall review, validate, and respond to the Transmission Provider’s annual data exchange requests **that are reasonably applicable to the Network Customer ...**”*

### BPA Response

BPA appreciates the request from UEC and plans to continue to refine and improve the NT Dialogue process. BPA welcomes additional customer feedback on this topic. As part of this improvement BPA plans to produce better documentation including identifying and describing key dates and activities. These improvements will be shared in future NOC meetings.

As the Planning Coordinator (PC) for its NT customers, BPA is the responsible data maintainer for its PC footprint. BPA's requests are necessary to meet its modeling compliance requirements, and BPA must ensure an accurate "as built" representation of its PC footprint for use in the WECC Base Cases. The WECC Base Cases are used by entities across the region to plan and operate the grid, and accurate data is key to reliable planning and operations, as well as compliance with applicable NERC reliability standards.

BPA has accepted the proposal from Mason County PUD 3 without "reasonably."

## I. Section 9 Service Interruptions

Multiple comments were received and are summarized in the following sections.

### Outage Coordination

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Mason County PUD 3 submitted the following:

*Communication in today's world is essential now more than ever. Procedures are being revitalized and renewed to incorporate the desire to provide the best information quickly and efficiently to those that need it. With that said, it is time to look at how BPA handles interruptions when such interruptions are a service-affecting outage.*

*The Service Agreement provides for Notices of an Operating Nature being made either orally or in writing by telefax or sent by First Class mail or acknowledged delivery. Mason 3 is pursuing having notifications for service-affecting outages be made in writing using the latest technology available.*

*It is recognized this is a procedural and cultural change for BPA staff that reaches as far as the local substation operator level and that it will take time and effort to implement. Taking the steps to include it in the NOA in its inception is imperative to facilitate this change. Mason 3 suggests a new Section 9(c) be added.*

#### *[New Section 9(c)]*

*To the extent reasonable or appropriate, the Transmission Provider shall provide the Network Customer written notification of all scheduled and unscheduled service interruptions when such interruption is a service-affecting outage. Notification shall include a brief description and basic facts.*

*For unscheduled service-affecting outages, notification is to occur as close to the onset of the outage as reasonably practical and followed up with a more complete summary after-the-fact. It is understood that time is of the essence when dealing with service-affecting outages and that verbal communication will be used in tandem with written to expedite the restoration efforts.*

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PacifiCorp noted:

*Third, Section 9 is still overbroad at least in so far as it purports to allow BPA the right to curtail if “desirable” in certain circumstances, including if such circumstances occur solely within the Customer’s “system.”<sup>6</sup> Moreover, even assuming that the outage notification obligations in Section 9(b) are reasonable,<sup>7</sup> those obligations are only on the Customer, not on BPA, which is concerning given that the broad scope of curtailment options in Section 9(a) cover even anticipated maintenance needs.*

<sup>6</sup>As expressed in previous comments, references to a customer’s “system” raise privity and standards of conduct concerns.

<sup>7</sup>See, *PacifiCorp July 30, 2019 Comments at 2 (noting the onerous 5 business-day reporting requirement, among other concerns).*

### **BPA Response**

BPA recognizes that accurate and timely communication before, during, and after service interruptions is important to all involved parties. BPA further recognizes that this concern has a broader audience that includes PTP and Generation Interconnection customers. For this reason BPA does not support the proposed new section for the NOA. A customer may always reach out to the Account Executive to address specific issues and concerns.

BPA has removed duplicative language with the OATT from §9(a) and has replaced it with the following statement:

**“Parties must request and coordinate outages in accordance with the Tariff and the Transmission Provider’s Standards and Practices.”**

BPA has an established Outage Planning and Coordination Policy that may be found at:

<https://www.bpa.gov/transmission/Reports/Pages/Proposed-Outages.aspx>.

This policy seeks to balance the needs of all parties while maintaining system reliability and safety.

## Outage and Load Shift Notification

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<No customer comment>

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### **BPA Response**

BPA has removed §9(b) Outage and Load Shift Notification from the NOA template. While its inclusion in the draft NOA template was intended to provide clarity into billing practices, customer comments and further internal discussion have led to the current proposal to remove the language and instead rely on the OATT and applicable Standards and Practices. To the extent further review of the inclusion of similar provisions is considered in the future, BPA will work in collaboration with the Network Operating Committee.

Information and the template Outage and Load Shift Report may be found at:

<https://www.bpa.gov/Doing%20Business/metering/Pages/default.aspx>.

## **J. Exhibit B Other Operational or Technical Interconnection Requirements**

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<No customer comment>

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### **BPA Response**

BPA renamed “Exhibit B Other Operational or Technical Interconnection Requirements” to “Exhibit B Other Operational or Technical Requirements.” This change brings the title in line with the intent of the exhibit as stated in the template document and in previous responses to customer comments.

Exhibit B can be used to capture any customer-specific operational or technical requirement that is not addressed in another agreement. Exhibit A is used to identify related agreements.

## K. Additional Comments

### Structure of the NOA

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PacifiCorp submitted the comment:

*As noted previously,<sup>3</sup> PacifiCorp continues to believe that the draft NOA template goes beyond the scope of what is necessary for a typical NOA, and that all parties would be better served by starting from a new template agreement of the kinds that BPA considered in its benchmarking process. Beyond these broad concerns, the Company identified specific problem areas that remain unresolved. In addition, the latest draft introduces new concerns for the Company.*

<sup>3</sup>May 31, 2019 Comments at 1; July 30, 2019 Comments at 1; November 4, 2019 Comments at 1.

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#### BPA Response

BPA's continues to believe that a baseline NOA template will streamline the bilateral negotiations with NT customers. BPA acknowledges that some customers may have unique needs and requirements and that modifications to the NOA template during the bilateral negotiations may be warranted for those customers. BPA is committed to working individually with customers, including PacifiCorp, to develop a NOA that is mutually agreeable to both.

### Standards of Conduct

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PacifiCorp commented as follows:

*Finally, although PacifiCorp recognizes that BPA has stripped the draft of some problematic references to the Customer's transmission "system" or "network",<sup>8</sup> not all such references have been removed,<sup>9</sup> nor have any reasonable limits been applied to the wide breadth of potential transmission-related information implicated in Section 7. BPA has not justified its need for information that, in PacifiCorp's view, not only raises standards of conduct concerns for both Parties, but also concerns over commercial competition as well.<sup>10</sup> PacifiCorp agrees with BPA that these, and other, provisions should be discussed in customer-specific conversations, but the Company notes its ongoing concerns here for the benefit of other customers.*

<sup>8</sup>See, e.g. *id.* at 3 (noting the use of these terms in former sections 4(h), 6(a), 6(e)(1), and 7).

<sup>9</sup>See, e.g. Section 6(a) ("The Network Customer shall plan, construct, operate and maintain its facilities and system that interconnect with the Transmission Provider's Transmission system..." (emphasis added)); Section 7 ("Network Customer shall provide...plans of any expansions of, or upgrades to, its owned generation or transmission facilities (lines, transformers, reactive equipment load forecasts, etc.)[" (emphasis added)); Section 9(a) (allowing curtailments if "necessary or desirable" in certain circumstances "on the system of either Party").

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<sup>10</sup>See, e.g. BPA January 17, 2020 Response to Comments at 23 (noting PNGC’s concern about BPA “being a conduit of commercially sensitive information to market competitor (i.e., BPA-P)”; see also, Section 3(b), n 2 (including “fuel costs” in the open-ended list of “data” to be transferred between the Parties)).

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### **BPA Response**

BPA is committed to working with PacifiCorp to develop a mutually acceptable NOA that accommodates BPA’s needs for transmission system information as provided in its OATT, for example §§29.2(vi) and 35.2, and recognizes PacifiCorp’s limitations in sharing information with regard to standards of conduct and commercially sensitive information.

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## **Standards and Practices**

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PacifiCorp submitted the comment:

*For example, first, BPA delineates various “Standards and Practices” in the recitals of the NOA, but does not insert a requirement anywhere in the Agreement to provide customers with adequate notice of any changes to such documents, as requested.<sup>4</sup>*

<sup>4</sup>*PacifiCorp July 30, 2019 Comments at 2 (referencing the “Technical Requirements for Interconnection to the BPA Transmission Grid” document cited in former Section 6(f)).*

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### **BPA Response**

While the Network Operating Committee can provide a continuing opportunity to engage with NT customers on BPA’s Standards, Standards are generally applicable to the broader group of customers. The NOA team plans to elevate this customer feedback internally to consider broader review of BPA Standards related to technical and operational matters, and the processes by which they are updated and posted, but also acknowledges that this could be a long-term undertaking based on current work streams.

## Load and Resource Forecasting

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Umatilla Electric Cooperative noted the following:

*In addition, while UEC has reviewed load information that has been supplied to BPA for the purpose of determining transmission needs, it remains concerned that some of the analysis and data sets may inadvertently mix energy and capacity values, e.g., some data reflects power requirements (aMW) are added to other data sets which reflect peak (MW) requirements. While this may be a misinterpretation on UEC's part, it may alternatively also be a spreadsheet format error that could be easily resolved, and, in turn, further improve forecast accuracy.*

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### **BPA Response**

BPA appreciates this concern and will keep this perspective in mind as the team engages on NT Dialogue process improvements and preparation for the upcoming NT Dialogue. Any updates that result will be shared in upcoming NOC meetings.

## Overview of Network Integration Transmission Service

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Umatilla Electric Cooperative noted the following:

*Finally, UEC appreciates BPA's development of the Overview of Network Integration Transmission Service. This document provides some very helpful cross references to the BPA Tariff and to applicable BPA Business Practices. UEC encourages BPA to update this Overview, on a regular basis, so to stay current.*

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### **BPA Response**

BPA appreciates the reception that the Overview of Network Integration Transmission Service has received. The document has been posted to bpa.gov and will be kept current as changes are implemented. BPA encourages readers of the document to submit suggestions, questions, and corrections to Tech Forum and copies to your Account Executive and the NT Product Manager.

## Continuing Discussion

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PacifiCorp submitted the comment:

*Although some of the Company's concerns were addressed in BPA's latest draft of the NOA, in general, PacifiCorp continues to have significant concerns with the draft NOA template, as communicated in the Company's prior comments and expanded on here. After several months of discussions, it is disappointing that the draft still has not progressed closer to a point where PacifiCorp can consider executing. Nonetheless, PacifiCorp provides these additional comments, and continues to contribute to Network Operating Committee discussions, in the spirit of collaboration with BPA and the other Network Customers. The Company continues to reserve its right to fully negotiate a more appropriate customer-specific NOA with BPA in the future, however, consistent with FERC's intent that NOAs be individually negotiated agreements.<sup>2</sup>*

<sup>2</sup>See, e.g. Order No. 888-A, at 30,325 (noting that an NOA is "expected to be a highly detailed agreement between the transmission provider and network customer that establishes the integration of the network customer within the transmission provider's transmission system," and that, even if templates are created, they are "to be modified as required and as mutually agreed to on a customer-specific basis"); *Atlantic City Elec. Co. et al.*, 77 FERC ¶ 61,144, 61,535 (1996) ("it is not practical for one network operating agreement to be applicable in all situations. Customers can negotiate individual issues when they arrange to take service and pursue any unresolved issues when the network operating agreement is filed.").

PacifiCorp also noted:

*PacifiCorp appreciates the opportunity to comment on BPA's NOA-development process and reiterates its desire as a Network Operating Committee member and transmission customer to arrive at a solution that is workable both for BPA, as a transmission provider, and its network customers.*

*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. PacifiCorp appreciates BPA's review of these comments and consideration of the recommendations contained herein.*

Mason County PUD 3 noted:

*Mason PUD 3 looks forward to continuing to work collaboratively with BPA staff and the Network Operating Committee as this process continues.*

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**BPA Response**

BPA appreciates the collaboration and suggestions by all parties throughout several review cycles of the NOA template over the past year. The draft template has received considerable scrutiny and many substantive changes have been made largely in response to customer feedback. BPA plans to publish the template by late March 2020, and to begin the implementation process with customers through subsequent work with their respective Account Executives.

As discussed in previous NOC meetings and noted in responses to earlier comments, BPA anticipates that bilateral negotiations may take place during the NOA implementation phase.