



May 30, 2019

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Submitted via BPA Tech Forum {techforum@bpa.gov}

Re: BPA's Proposed Hourly Firm Monitoring and Evaluation Plan

PNGC submits these comments regarding BPA's proposed Hourly Firm Monitoring and Evaluation Plan ("M&E Plan"). As BPA's largest network customer, and one of BPA's largest overall transmission customers, PNGC serves customers in 7 states over approximately 150 points of delivery¹.

We are appreciative of the collaborative efforts to date by and among the Bonneville Power Administration ("BPA") and other parties to the TC-20 Settlement Agreement (the "Settlement") in the development of M&E Plan. We submit these comments to clarify our expectation as to when BPA may propose a change from the "status quo" established under the Settlement for the Hourly Firm product during the TC-22 proceeding.

As BPA and the other parties to the Settlement are well aware, Section 2.c of the Settlement provides in relevant part that:

[BPA] may propose a change from [the] status quo [established for the hourly firm product under the Settlement] during the TC-22 proceeding after:

- i. [BPA] identifies hourly firm service as (1) A demonstrable adverse reliability risk, (2) A more than de minimis adverse impact to firm transmission service, or (3) In conflict with the then applicable market rules; and*
- ii. [BPA] engages in best efforts to come to a collaborative solution that mitigates the identified risks impacts of hourly firm service with customers.*

¹ Includes points directly connected to BPA as well as delivery points over 3rd party Transfer Service.

In their comments of May 14, 2019, the Large PTP Customers appear to suggest that, the Monitoring and Evaluation Plan (M&E Plan) should include metrics that define what constitutes a “demonstrable adverse reliability risk” and “[a] more than de minimis adverse impact to firm transmission service”. In addition, the comments of the Large PTP Customers seem to suggest that the M&E Plan should establish a methodology for determining causation behind the risk factors. Our concern here is that the Large PTP Customers approach could mean that without a determination of risk causation, there would be no evidence to support any policy decision regarding Hourly Firm. While the intent may be different our concern is the effect.

The language in Section 2.c of the Settlement was carefully crafted to not impose a definitive causation standard on BPA in order for BPA to deviate from the status quo hourly firm product if any of the identified circumstances in 2.c.i occur. Requiring a showing of definitive or statistically-based causation risks setting the hurdle for making this determination inordinately high, particularly given the many factors and complexity that would be involved with any analysis to assess the hourly firm product’s impact on reliability risk or the impact to firm transmission service. To the contrary, the settlement language clearly states that the proper question is whether there is an *adverse risk* to reliability or an *adverse impact* to firm transmission service. It is entirely possible that the hourly firm product could impact reliability risk or firm transmission service, even if it is not possible to statistically prove that the hourly firm product was the “root cause” of such impact. For example, a sequence of events may occur on the transmission system that ultimately leads to a curtailment of non-hourly firm transmission service. While it may be difficult to pinpoint the root cause of such degradation in service, it should be more straightforward to determine whether offering the hourly firm product aggravated the impact to firm transmission service in a greater than de minimis manner.

Stated another way, if the hourly firm product was not offered, would there have been the same impact to firm transmission service? Although nuanced, this is an important distinction from requiring a showing of definitive or statistical causation. If the status quo hourly firm product did have such an impact, then the settlement would allow BPA to propose a change from the status quo in TC-22.

We are concerned that such an M&E plan would create a burden of proof that could never be met if adopted. Our concern is that we could end up with an M&E standard that effectively means that we are simply back to an hourly firm paradigm that we all spent so much time settling. The settlement carefully balanced the interests of those who purchase longer-term transmission services from BPA with those who purchase shorter-term services from BPA. Preservation of the shorter-term hourly firm service was allowed as part of the Settlement provided it did not erode (definitively or statistically) the rights of long term service contracts under the Open Access Transmission Tariff.

Section 2.d of the Settlement provides over 2 pages of very prescriptive methodology for the M&E Plan that BPA is required to follow. As a party to the TC-20 Settlement, PNGC encourages BPA to use this section as the basis for Staff’s proposed M&E Plan. Based on the results of the M&E Plan, we look forward to engaging BPA on any collaborative solutions that may potentially mitigate any identified risks/impacts that the hourly firm product contributes to as required by section 2.c.ii of the Settlement.

Any questions regarding these comments may be directed to Scott Russell at 503-288-1234.

Respectfully submitted,

/s/ Scott Russell

Scott Russell
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