



Your Community Energy Partner

August 8, 2017

Submitted via email to: techforum@bpa.gov

Michelle Manary
Bonneville Power Administration
905 NE 11th Ave
Portland, OR 97232

**Re: Comments of Public Utility District No. 1 of Snohomish County on
BPA's Transmission Business Model / Pro Forma Gap Assessment**

The Public Utility District No. 1 of Snohomish County (Snohomish) appreciates the opportunity to provide comment on the Bonneville Power Administration's (BPA's) July 26, 2017 workshop discussing BPA's Transmission Business Model and Pro Forma Gap Assessment. BPA covered four topics at this meeting:

- A review of conditional firm transmission, reservations, and eligibility
- Queue Management and new Operational Procedures
- Alternatives to South of Allston
- Tariff Engagement and the 212 Process

Snohomish would like to provide feedback to BPA on these four topic areas, as well as make suggestions for the content of future meetings.

Conditional Firm

Based on the information BPA presented related to its Conditional Firm product, Snohomish understands that the Conditional Firm offerings for service affected by the South of Allston (SOA) flowgate are on an interim basis until BPA develops and implements a study methodology for increasing the flow gate's available transfer capability for firm capacity.

Snohomish's primary concern is the extent to which BPA may choose to rely on offering Conditional Firm transmission products as a replacement for firm service in cases where BPA decides not to perform a build. With aging transmission infrastructure, increases in congestion on the system, and continued requests for firm service, BPA may find it cannot re-dispatch out of a build. While BPA has concluded that it will not perform a build to address SOA limitations, Snohomish wants to ensure that choosing to invest or reinforce transmission infrastructure may be a viable option for other locations and challenges on the network. BPA should not view the Conditional Firm product as a substitute in lieu of actual capacity additions, nor assume that the

ability to provide Conditional Firm be sufficient reason to postpone or delay needed infrastructure investment elsewhere.

Snohomish requests BPA develop a diagram that details the process timeline and shows how a TSR is processed from Day 1 in the queue. It would be helpful to include all possible outcomes for a TSR, such as study, partial offers, counter offers, and offers for Bridge or Conditional Firm. Including on this timeline the points at which a TSR can be withdrawn removed from the queue would also be informative. A diagram of this type would assist customers and provide valuable context for the topics discussed at the July 26 workshop.

Queue Management

Snohomish offers the following feedback on three proposed changes discussed in the Queue Management breakout session:

Source/Sink Information on Short-term Requests

Snohomish does not believe that BPA should require Source/Sink information on short-term TSRs. Currently in the Pacific Northwest, many energy purchases and sales occur at the Mid-Columbia market hub. This is not a specific generator, but instead represents an aggregation of many scheduling points and generators on a 100-mile bus. Additionally, BPA itself manages much of its federal power sales through a market hub point called BPAPOWER and Northwest Hub. Energy sold from these points could be generated at a variety of points within the trading hub.

Because of this configuration, it is extremely difficult to provide Source/Sink information on a short-term TSR. Other markets across the country have not used these types of hubs and therefore do not have this ambiguity. BPA's current thinking of changing its business practices to conform to industry standards on this issue would create significant impacts to Northwest energy trading, scheduling and bilateral transactions.

Snohomish would like to better understand BPA's desire for Source/Sink information on short-term transmission requests. Specifically, how BPA Transmission would make use of the Source/Sink information on short-term TSR's, and how that would be different from the information already provided on e-tags month-ahead, day-ahead and next hour.

Elimination of Remainder Reservations

Under current practices, if a long-term firm request cannot be granted in full, a counteroffer is made for whatever service is currently available. If accepted, a remainder reservation is issued for the portion of the request not granted. This remainder stays in the queue as a "placeholder" for future evaluation. BPA proposes to eliminate this remainder reservation.

Snohomish would like to better understand how this process fits into the queue timeline. If a counteroffer is made prior to a cluster study, which would eliminate the remaining request for capacity, it is unclear how BPA would have an accurate assessment of demand for transmission

capacity. It is also unclear how a customer might be assigned Conditional Firm when they cannot be granted in full. Snohomish again recommends BPA include in the detailed TSR timeline and diagram requested above the timing as to when each of these potential offers are made, and how they interact with each other.

Revision of Rollover Policy

Currently, rollover rights are granted to TSRs where the original request was for a term of five years or longer. BPA proposes tightening this practice, granting rollover only in the case where the actual granted duration is five years or longer. Snohomish has concerns with this approach, especially considering the changes to conditional firm and BPA's study and expansion process.

It is possible that customers may make long term requests but only be able to be granted partial offers, which may later be filled in total or have new requests granted. Customers planning for the development of resources may be partially granted but would rely on a transmission infrastructure build to grant the balance of their firm request. In these cases, where separate TSRs are issued for firm and conditional firm service, possibly for differing or staggered durations, customers could lose rollover rights when the granted service is for less than a five-year service increment.

Snohomish recommends that BPA carefully consider how partial offers, conditional firm, and rollover rights interact. The possibility for staggered durations that prevent rollover rights could increase risk for load-serving entities and inhibit resource development when firm service is not available for the long-term.

South of Allston Interim Alternatives

Snohomish understands that BPA is offering Conditional Firm service as an interim measure for the SOA flowgate. Snohomish also understands that BPA is considering making modifications to its Conditional Firm inventory calculation methodology to help supplement the volume of Conditional Firm needed. This process could have significant unintended consequences.

Because many of the reservations that cross the SOA flowgate also impact other flowgates on the BPA system, it is possible that increasing Conditional Firm offers will have negative impacts to other flowgates causing congestion in other locations on BPA's system. This could result in curtailments for other customers that do not cross the SOA flowgate. BPA must ensure that whatever methodological changes are made, transmission customers who do not cross the SOA flowgate are not adversely impacted by policy decisions made to accommodate SOA requests.

Finally, as part of the SOA Alternatives, BPA should consider a mixed product. BPA has separately proposed to eliminate Remainder Requests when a partial counteroffer is accepted; instead, BPA should consider offering Conditional Firm (if available) for the remaining portion of the request. This would allow the "remainder" to maintain its queue priority while granting conditional transmission access to the requestor.

Tariff Engagement

Process for Tariff Revisions

Snohomish strongly supports Bonneville's efforts to establish a public process for future revisions to Bonneville's Open Access Transmission Tariff ("OATT").

As Snohomish stated in its January 12, 2017 comments to Bonneville, Snohomish prefers that Bonneville establish a pre-defined scalable process that begins informally and gradually progresses into a more formal process subject to continued opposition, including an opportunity for settlement before reaching the most formal step in the process. This would allow a speedy resolution for revisions that have no opposition, an opportunity for settlement when there is opposition, and the ability to provide an adequate record for Bonneville to produce a final record of decision when settlement is unattainable.

To the extent that settlement is unattainable, Snohomish does not oppose a hearing under Section 212(i) of the Federal Power Act ("FPA"). However, we ask that Bonneville engage with customers to develop criteria for the selection of a hearing officer.

Revisions to Section 9

Snohomish is still reviewing Bonneville's proposed revisions to OATT Section 9. However, we offer the following preliminary comments.

First, the OATT revision process should be more detailed than how the process is referenced in the proposed new language.

Second, Bonneville should host a workshop on whether a standard of review should be included in Section 9 or whether certain conditions should be met prior to adopting a tariff change. The current language requires certain determinations by the Federal Energy Regulatory Commission ("FERC"). If a determination from FERC is no longer required (a matter Snohomish does not object to), should Bonneville make similar determinations especially within the context of an FPA 212(i) hearing?

Third, Bonneville should include a statement in Section 9 that explicitly grandfathers pre-OATT transmission service agreements.

Upcoming Meetings

As part of the next workshop, scheduled for August 29th, BPA has outlined three topics: BPA's Study Process, NT Scope, and ATC. Snohomish believes that the ATC topic encompasses subject matter vastly different from the other two topics on the agenda, resulting in a different set of staff for attendance.

Snohomish recommends that the ATC discussion be moved to its own time, either as a partial day meeting on the 28th or 30th, or moved to another planned workshop that has similar subject matter. Because the September 20th meeting will likely focus strongly on the Hourly Firm issue, Snohomish also suggests that the Losses topic could be moved up to August in order to fill the space vacated by moving ATC.

Conclusion

Snohomish appreciates the chance to collaborate on these issues, and looks forward to working with BPA on its Transmission Business Model going forward. If there are any questions or comments regarding these comments, please feel free to contact me.

Sincerely,



Ian Hunter
Transmission Policy Analyst