

December 8, 2017

Via Email (techforum@bpa.gov)

U.S. Department of Energy
Bonneville Power Administration
Transmission Services

Re: Comments of Avangrid Renewables, LLC, Avista Corporation, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. on BPA Hourly Firm

Avangrid Renewables, LLC, Avista Corporation, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. (“Commenting Parties”) hereby comment on BPA hourly firm transmission product in the BPA Transmission Business Model (“TBM”) and Pro Forma/Industry Standard Gap Analysis (“PFGA”) process.¹ In sum, BPA’s approach to hourly firm should, as discussed below, focus on

- (i) improving BPA’s methodology for calculating hourly firm ATC², and
- (ii) eliminating the provision of *unlimited* hourly firm—and providing hourly firm transmission that is based on hourly firm ATC.

1. Summary Response to BPA Questions

BPA has posted Questions For Transmission Business Model/Pro Forma Gap Analysis Comment Period Updated November 1, 2017 (“BPA November 1 Questions”), which include the following with respect to hourly firm:

1. BPA currently uses long term reservations/requests to plan system expansions. Hourly firm redirects comprise greater than 80% of hourly firm PTP activity. Assuming those redirects change how long term reservations are utilized, what information would you suggest BPA use to plan for system expansions?

¹ See also the October 4, 2017 Comments of Avangrid Renewables, LLC, Avista Corporation, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. on BPA Hourly Firm (“October 4 Hourly Firm Comments”), which appear at the following link:

<https://www.bpa.gov/transmission/CustomerInvolvement/TransmissionBusinessModel/Documents/avangrid-avista-pacificorp-pge-puget-bpa-hourly%20firm-100417.pdf>. These December 8, 2017 comments are in addition to—and do not replace or supersede—the October 4 Hourly Firm Comments.

² As used herein, available transmission capability (“ATC”) refers also to available flowgate capability (“AFC”).

2. If BPA were to eliminate hourly firm, what would you like to see done/changed before it's eliminated?
3. What specific product attributes and/or process changes would you recommend BPA evaluate as we identify potential alternatives to unlimited hourly firm sales?

A summary response to questions posed is as follows:

- (i) BPA would presumably evaluate requests for hourly firm redirects during the preschedule day for the redirect. On the pre-schedule day, BPA should have information regarding all then existing long term reservations and hourly redirects that have been requested for the day. If and to the extent BPA uses long term reservations/requests to plan system expansions, it appears speculative to consider in such planning hourly redirects that may be requested in the future. It should also be noted that--if hourly redirects are limited to ATC--hourly redirects should be relatively infrequent on paths during times they are congested.
- (ii) BPA should not eliminate all hourly firm but should limit hourly firm to ATC for the hour.
- (iii) In any event, BPA should provide hourly firm limited to ATC unless and until a satisfactory replacement product is developed. Any such replacement product should (a) be developed by BPA working with stakeholders and (b) ensure that ATC on BPA's system that would otherwise be unused is available for short-term (*e.g.*, hourly) firm transmission in the smallest increments practicable.

See also the comments below.

2. BPA Should Reliably Calculate Hourly ATC and Make it Available

BPA should work to make its hourly firm ATC calculations more reliable, and BPA's work on this is appreciated. BPA indicated at the August 29, 2017 workshop on ATC that (i) BPA's methodologies for calculation of daily and hourly ATC need improving, (ii) BPA will work first on the daily ATC methodology and then on the hourly ATC methodology, and (iii) BPA will need to calculate hourly ATC regardless of whether it sells hourly firm transmission. As BPA's calculation of ATC improves, the need for "margin" in those calculations should decrease, which should tend to increase BPA's ability to sell ATC without increased risk to customers and without reliance on Calibrated Model Assumptions.

The BPA hourly firm product plays an important role in the Northwest and is essential, for example, for BPA transmission customers in serving load (*e.g.*, through redirects) and for facilitation of short-term economic transfers. This is particularly true because (i) the Northwest has a very liquid power market, with hourly variations, and (ii) the BPA transmission system plays a key role in providing transmission for that market. Elimination of all BPA hourly firm would de-optimize the system and in some situations would force customers to buy more transmission on a daily or longer basis than they need, which would needlessly drive up costs and tend to reduce the amount of BPA transmission available for others. A broad representation of BPA customers expressed concerns about elimination of BPA hourly firm transmission

service at the September 20, 2017 PFGA workshop. In any event, BPA should recognize that this region and its bilateral market rely on the flexibility of transmission redirects to serve load. Hourly firm redirects (limited to ATC) on BPA's main grid should be made available.

BPA should not eliminate the hourly firm product entirely but rather should manage offers of hourly firm transmission on its network flowgates according to calculated firm ATC limits. This approach should minimize situations in which hourly firm transmission is sold when firm ATC is not available for the sale, which will work to prevent curtailments of firm transmission that occur due to hourly firm transmission being sold when there was no ATC to support the sale.³ To facilitate this approach, BPA should ensure that it has tools in place to more accurately calculate firm ATC on an hourly basis.

Sales of hourly firm up to hourly firm ATC should not provide a disincentive to the purchase of long-term firm on BPA's main grid, which has considerable congestion. Because of congestion, BPA's transmission customers cannot rely on purchasing hourly firm as a substitute for long-term firm. Indeed, the congestion on BPA's main grid is likely to increase as BPA takes steps to increase the utilization of its existing facilities.

Before deciding to eliminate hourly firm transmission entirely, BPA should conduct a stakeholder process to determine whether the elimination of all hourly firm transmission is necessary or whether other approaches are available, such as the elimination of *unlimited* hourly firm and offering hourly firm only when ATC is available. Such stakeholder process should explore all alternatives to ensure that the best method of making sure ATC on BPA's system that would otherwise be unused is available for short-term (*e.g.*, hourly) firm transmission in the smallest increments practicable.

3. BPA's Concerns About Hourly Firm Do Not Justify or Require Elimination of BPA Hourly Firm Limited to ATC

BPA's September 20, 2017 PFGA workshop presentation on Hourly Firm at page 1 describes the following as concerns raised by BPA providing hourly firm transmission:

Address Hourly Firm Product. It sends the wrong price/congestion signals, requires high customization and undercuts/derails curtailment priorities with all other NT/PTP products"

At the September 20 workshop, BPA indicated that these concerns were the basis of BPA's decision to eliminate hourly firm. However, as discussed below (and as further discussed in detail in the October 4 Hourly Firm Comments), these concerns are misplaced and should not require elimination of the availability of hourly firm transmission that is limited to ATC:

³ This approach should, for example, prevent sales of hourly firm from exacerbating South of Allston (SOA) congestion. In this regard, this approach is similar to the South of Allston Non-Wires Redispatch Pilot Program (Requesting Transmission Service Business Practice, Effective: 4/7/17). Under that pilot program, BPA will deny hourly firm requests, including redirects, that have a non-de minimus impact on the South of Allston path for the hours for which BPA forecasts congestion. However, this approach will require significant improvements to BPA's congestion forecast methods to eliminate false triggers and minimize unwarranted impacts to customers.

- (i) Concerns regarding hourly firm congestion signals are raised by BPA’s provision of *unlimited* hourly firm transmission. (Sale of unlimited BPA hourly firm permits sales of hourly firm when ATC is not available.). Limiting hourly firm sales within hourly firm ATC sends accurate and appropriate congestion signals, whereas hourly firm sales in excess of hourly firm ATC sends inaccurate and inappropriate congestion signals.
- (ii) At the September 20 workshop, it was suggested that BPA provision of hourly firm transmission could inappropriately hinder access by NT customers to secondary network service and allow hourly firm to “jump ahead” of secondary network service. However, secondary network service, by design, has a lower curtailment priority than firm service of any duration and was never intended to be a firm transmission service. FERC’s secondary network service structure is basically intended for transmission associated with a network customer’s economy purchases (*i.e.*, transmission that is used to substitute one resource for another on an as-available basis).⁴
- (iii) BPA has indicated a concern that hourly firm “requires high customization,” but this concern should not require the elimination of hourly firm limited to ATC. BPA already offers hourly firm, and it appears that it is necessary to limit sales of BPA hourly firm to ATC. BPA should conduct a stakeholder process to explore the best method going forward of making sure ATC on its system that would otherwise be unused is available for short-term (*e.g.* hourly) firm transmission. One element of this process should be to explore customization needed to provide hourly firm limited to ATC and explore possible variations in the hourly firm product and processes that would facilitate the provision of this product.

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Commenting Parties appreciate BPA’s review of these comments and consideration of the recommendations contained herein. By return e-mail, please confirm BPA’s receipt of these comments.

⁴ Secondary network service (i) may be available during times when firm service is not available and (ii) has a higher priority than non-firm PTP. (See Order 888, slip opinion pages 332 and 342.) In Order No. 890-B, paragraph 117, FERC noted that NT customers can use secondary network service when firm service is not available.