



Your Community Energy Partner

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Submitted via email to: techforum@bpa.gov

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Subject: 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 comments on the topics presented at BPA's August 29, 2017, Transmission Business Model and Pro Forma Gap Assessment workshop. Snohomish's comments address the three topics presented and includes two informational requests:

- BPA's Study Process
- Available Transmission Capability (ATC)
- Future of BPA's Network Integration Transmission Service (NT)
- Request for TSR Timeline Diagram

BPA's Study Process

As part of its Transmission Service Request (TSR) Evaluation and Study process, BPA is proposing several changes to how it plans to conduct studies for new TSRs. The following is Snohomish's feedback on these proposals:

Conditional Firm PTP

BPA is proposing to align their current Conditional Firm PTP offering with the *Pro Forma* product. This would allow customers making firm TSR submissions to elect that they be also studied for Conditional Firm service. Depending on the level of risk customers are willing to accept, they could accept a Conditional Firm offer from BPA if Firm service is not available. Our understanding is that this approach would aid in decreasing the number of pending/study requests in the queue and also defer the need for potential future builds.

Snohomish is generally supportive of BPA expanding its transmission products and services to meet changing customer needs. Offering customers a suite of products increases flexibility and may help certain customers better tailor their service requests to meet their individual needs. With that in mind, Snohomish cautions BPA with regard to how it plans to calculate the available Conditional Firm inventory. **BPA should not offer to sell any amount of Conditional Firm service that affects BPA's ability to maintain already existing firm transmission rights.** The expansion and offering of a Conditional Firm product should in no way increase the curtailment risk for customers with existing firm transmission capacity. Snohomish expects that when BPA presents its revised Conditional Firm inventory methodology that it will both include and explain in established criteria how the Conditional Firm product will not adversely impact existing firm transmission capacity rights.

Snohomish requests clarification on whether BPA intends to allow Conditional Firm PTP to be requested for system sales. At its July 26, 2017 presentation, BPA stated that Conditional Firm is currently only available for specific generation resources. As part of its new *Pro Forma* offering, could a customer request Conditional Firm PTP and be studied on any requested path?

Redispatch

Snohomish has concerns regarding BPA's proposal to include redispatch assessments on what potentially could provide additional capacity on an otherwise unavailable path.

First, Snohomish does not believe that the burden of negotiating redispatch with generation owners, for the sole purpose of making transmission capacity available, should fall to the customer requesting service. The responsibility for issuing redispatch orders should reside with the Transmission Provider. As such, BPA must carefully consider the cost for redispatch arrangements and seek customer feedback on how best to equitably allocate these costs.

Snohomish is also concerned about the public posting of pertinent information that could potentially impact the market. BPA must carefully consider the granularity of information made public as part of its Study process. Snohomish supports transparency and encourages BPA to consider the level of detailed information posted publicly, to the extent it conveys market information that could create short-term power market impacts.

Developing More Tools than "Build"

Snohomish is fully aware of the cost and rate impacts associated with large scale capital investment for a transmission build, and appreciates that BPA is examining a variety of tools and products to defer builds. However, when evaluating options for how to best serve customer needs, BPA should still include large scale capital investments alongside non-wires solutions in cost/benefit analyses. While non-wires solutions and other less costly network upgrades are becoming increasingly viable options, Snohomish urges BPA to not discount new builds. Snohomish supports the evaluation of all options, and encourages analyses that determine the greatest benefit for dollars spent.

With regard to new tools and options, Snohomish does not believe BPA should be a "first-mover" in testing or piloting cutting edge technologies. While new technologies such as

demand-side management and energy storage will likely provide to-be-determined levels of benefit when applied to the transmission system, the level of investment in staff time and technical resources for BPA would be high. Rather, Snohomish supports BPA working to provide its customers with reliable, cost effective solutions that have been widely tested, and represent industry best practices.

Available Transmission Capability (ATC)

BPA is proposing several changes to the way ATC will be calculated in the future. Generally, Snohomish supports moving toward a more robust and accurate measure of ATC, but has concerns about how BPA is proposing to implement these changes.

Elimination of Long Term ATC

BPA has proposed eliminating its calculation and posting of long term ATC. Our understanding is that the long term ATC does not accurately reflect operating system conditions and provides little value for the level of work and time required to generate the information.

While Snohomish generally agrees with BPA's decision to move away from long term ATC calculation, there is a need by Snohomish and other customers to evaluate future resources and make preliminary business decisions based upon the best information available. To the extent the long term ATC is not an accurate reflection of future system operating conditions, there is a need for some general indications to support future resource planning.

Before BPA discontinues its long term ATC posting/reporting, Snohomish requests a demonstration that a BPA study, whether the new short term ATC methodology or the TSR Study process, has sufficient capability to replace the information currently being provided by the long term ATC report. With BPA making significant changes throughout the transmission business organization, it is important to Snohomish that BPA ensures when a practice or process is eliminated, such as the long term ATC report, that a successor practice adequately fills the gap and satisfies customers' business needs.

System Upgrades and Methodology Changes

In order to improve its short term ATC calculations, BPA identified two broad enhancements that it believes will help provide greater granularity into its current report. The first is to automate many of the manual processes used to produce the report; the second is to improve the methodology using performance metrics and calibrating model assumptions. BPA proposes to implement these improvements in "phases," beginning first with the system upgrades, followed by methodological changes.

Snohomish recommends BPA approach these improvements holistically rather than sequentially. **When incremental upgrades or improvements to systems occur, they are typically made based on requirements and criteria to support existing processes rather than wholesale innovation of the process itself.** Snohomish's concern is that if short term improvements or tweaks are made to BPA systems, they may not consider or support future methodological changes. The result: if BPA implements significant methodological change in "Phase 2" of the short term ATC process, then the system upgrades made during "Phase 1" may no longer be

compatible or support the needed methodological changes. While Snohomish recognizes this approach requires a larger up front effort, it also believes the long-term benefit and efficiency gains far exceed the investment made in the overall effort.

Network Integration Transmission Service Scope

The scope of work BPA intends to explore as part of the PFGA for NT service is of interest to all BPA transmission customers. As such, Snohomish provides the following feedback on specific aspects of the NT scope:

Undesignation of Firm Market Sales

Snohomish generally supports aligning certain aspects of BPA's NT service with the *Pro Forma* tariff, but has some operational questions associated with undesignating resources in the short-term time frame. Specifically, our questions concern the timing of, and how the undesignation of resources interacts with BPA's different power products. Snohomish requests that these questions be addressed by BPA before moving towards implementation.

BPA customers with the Slice product have contractually established timing requirements that must be followed when requesting and reporting hourly Slice quantities to BPA Power. These include timelines when e-tags must be submitted to BPA Power. BPA Transmission must elaborate on how the undesignation of a resource will be accommodated within these contractual timelines, particularly for Slice customers with long-term NT service.

At this time it is unclear from the workshop discussions what the timing would be for undesignating resources, whether for the Day Ahead or Next Hour/ Real Time scheduling windows. This includes understanding how a BPA power customer would go about undesignating a resource in order to accommodate a surplus Slice market sale. This is just one example of the timing and product implications BPA Transmission and BPA Power must consider when contemplating how undesignation of resources will be implemented. Snohomish recommends BPA develop an illustrative timeline that shows how undesignation is expected to interact with current BPA business and scheduling practices for: 1) different BPA power products (e.g., Slice product); 2) specific generation/resources; and 3) short-term market purchases.

Network Operating Agreement

During the August 29, 2017 workshop, BPA proposed many changes to NT service that are expected to be memorialized for the customer through a Network Operating Agreement. While BPA provided a list of potential items expected to be included in such an agreement, these topics were not covered in any depth at the workshop. Even though Snohomish is not an NT customer of BPA, we would appreciate having a better understanding of the potential items and request they be covered at a future workshop. An example of items or topics include, but are not limited to: emergency systems planning, redispatch procedures and curtailment protocols. Additionally, how BPA expects it will implement long term planning for NT customer load growth has implications for all BPA transmission customers, both from a system and rates perspective. Snohomish encourages BPA to continue dialogue on these topics in a public forum.

Request for TSR Timeline Diagram

Snohomish requested in its comments dated August 8, 2017, that BPA develop a diagram that details the process timeline for TSR requests – from the start of TSR submission and mapping through to each possible outcome. This diagram and timeline would include BPA’s newly proposed methodologies for Bridge or Renewal Conditional Firm offers, rollover rights, and remainder reservations. The diagram would cover a range of scenarios regarding availability of capacity to fully capture what each possible outcome may yield, and how BPA’s new proposals deviate from status quo requests and scheduling.

Through these comments Snohomish again requests BPA produce a diagram or map of the TSR process to help facilitate a common understanding among BPA staff and customers. A diagram of this nature would foster customer understanding and help communicate how scheduling and requesting transmission service within the BPA Balancing Authority Area are expected to change under the new proposals.

Conclusion

Snohomish appreciates the opportunity to collaborate on these issues and provide BPA staff with feedback as they work through the PFGA process. Please contact me if there are additional questions or if clarification is needed on these comments.

Sincerely,



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