

COMMENTS OF THE NETWORK CUSTOMER GROUP

Submitted: March 7, 2018

These comments regarding the Bonneville Power Administration's ("BPA") Transmission Business Model/Pro Forma Gap Analysis ("PFGA") process are submitted on behalf of Cowlitz PUD, Eugene Water and Electric Board ("EWEB"), Mason PUD No. 3, Northwest Requirements Utilities ("NRU"), PNGC Power, and Western Public Agencies Group ("WPAG") (collectively, the "Network Customer Group").

BPA's February 21, 2018 PFGA presentation on its roll-over policies did not address whether it is, or will be, BPA's policy to limit the roll-over rights of new point-to-point transmission service contracts of five years or more when BPA determines that existing transmission capacity is needed to meet the reasonably forecasted load growth of BPA's network customers. For the following reasons, the Network Customer Group contends that BPA should adopt such a policy and state its intention to do so at the next available opportunity.

In its role as a transmission provider, BPA has the duty to plan and construct the transmission system to meet the present and future needs of its network customers.¹ In exchange, BPA's network customers are ultimately responsible for the long-term costs of BPA's transmission system to the extent capacity is not or ceases being reserved by point-to-point customers. In this regard, BPA's network customers face a payment risk that its point-to-point customers generally do not face.² This quid pro quo between transmission providers, like BPA, and network customers, like the Network Customer Group, has been routinely relied upon by FERC under the *pro forma* tariff to justify the reservation of existing transmission capacity by transmission providers for the reasonably forecasted load growth of the their network customers.³

The right of BPA to reserve capacity for the reasonably forecasted load growth of its network customers is becoming increasingly important since BPA's existing transmission system and its ability to expand that system are both constrained. Under such known constraints, a failure to reserve existing capacity for reasonably forecasted network load growth is a failure to plan for such growth, and would constitute a breach of the highest order under BPA's transmission contracts with its network customers and under its transmission tariff.

To avoid such an outcome, and in conducting its TSEP and commercial assessment processes, BPA must take into account and plan for the reasonably forecasted load growth of its network customers and reserve such existing transmission capacity as is necessary to meet this obligation before it makes any offer for new point-to-point transmission service.⁴ The Network Customer Group respectfully requests that BPA confirm in the April 23, 2018 PFGA workshop regarding network transmission service that BPA is, in fact, doing exactly this in its planning studies and commercial processes.

¹ BPA's OATT, § 28.3; FERC Pro Forma OATT, § 28.3; FERC Order 888-A, 62 FR 12274, at 12301; FERC Order 888-B, 62 FR 64688, at 64697-64698.

² FERC Order 888-A, 62 FR 12274, 12301; FERC Order 888-B, 62 FR 64688, at 64698-64698.

³ *Id.*

⁴ *Id.*

In circumstances where BPA determines that it could grant a point-to-point transmission service request in the near-term, but that the subject capacity will later be needed to serve forecasted network customer load, BPA can and should offer such capacity to the requesting point-to-point customer, but only for such time as BPA forecasts that the capacity will not be needed to serve network customer load.⁵ However, BPA's roll-over policies should make clear that in the event BPA determines that the point-to-point service request can be granted for five years or more before the capacity is needed for forecasted network customer load, BPA will exercise its right to limit the ability of the point-to-point customer to roll-over its contract by expressly including the limitation in the initial contract with the customer.⁶ This will help ensure (1) that the existing transmission system is being put to its maximum use in the near-term, (2) that sufficient capacity will be available to meet forecast network customer load growth when it is forecasted to be needed, and (3) that BPA meets its obligation to its network customers to plan for their forecasted load growth. We look forward to BPA declaring that the use of such restrictions is also an element of BPA's roll-over policies.

⁵ FERC Order 888, 61 FR 21540, at 2157.

⁶ FERC Order 890-A, at ¶¶ 675-678.