



Your Community Energy Partner

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Submitted via email to: techforum@bpa.gov

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**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 comments on the topics presented throughout the summer and fall, culminating with Bonneville Power Administration's (BPA's) October 27, 2017 Transmission Business Model and Pro Forma Gap Assessment workshop. Snohomish's comments address the process in general, discuss BPA's proposed direction on Tariff Engagement, and then focus on certain specific transmission topics.

Overview

Since July, BPA has held a series of workshops outlining its plans for the future of its Transmission business line. These topics have included technical discussions of how BPA plans to sell, schedule, and plan for its customers' transmission needs, and also around the overarching product framework, as outlined in the Open Access Transmission Tariff (OATT). At each meeting, BPA presented an in-depth outline of specific topics, proposing BPA's likely path forward and soliciting feedback from customers. Snohomish appreciated this structure for the meetings, as BPA had sufficient time to go into greater detail on selected topics.

Snohomish had the opportunity to participate in all of these meetings and provide both verbal and written comments on the topics presented. At the October 27, 2017 culmination meeting, for each of the prior topics, BPA outlined the feedback it received and the effect that feedback had upon policy. Generally speaking, BPA staff did well acknowledging the diverse sets of comments and incorporating those comments into a proposed policy direction. BPA also looked at its initiatives in the context of the upcoming tariff changes and set timelines accordingly.

Snohomish believes that BPA should continue holding meetings in this format. The time and attention given to individual topics helps facilitate understanding for stakeholders as well as provides an opportunity to hear other customers' thoughts and feedback. While the process is spread out across five months, Snohomish has always advocated that BPA take the time to get things done correctly rather than quickly. However, in the future, Snohomish recommends

allocating time at each meeting for BPA to give a brief response to the prior meeting by providing an overview of received comments and BPA staff's initial thoughts. The natural result of an extended process is that there is significant time between the first meetings and the final report – setting aside time for a brief recap and update would be prudent to keep stakeholders refreshed on the topics previously proposed and give insight into BPA's ongoing thinking.

As BPA continues its work on the Transmission Business Model, Snohomish encourages BPA to continue engaging with its stakeholders and customer groups. If BPA identifies key milestones in its work on each issue and provides updates at those times, customers and stakeholders could be given the chance to provide feedback as BPA's work evolves.

Tariff Engagement Process

Snohomish is generally supportive of the proposed approach BPA has outlined for its new Tariff Engagement process. The "212 process" seems to provide a balance between developing a thorough record, while utilizing a process familiar to many BPA customers.

Parallel Tariff Implementation

BPA plans to establish a new Open Access Transmission Tariff (OATT or Tariff), which would run in parallel with transmission service granted under the existing OATT. Under this framework, existing transmission reservations would remain under the terms and conditions of the existing Tariff, while any "new" reservations would be subject to the terms and conditions of the new Tariff. A key distinction to this proposal is how BPA defines "new" transmission service. At the October 27, 2017 workshop, BPA staff stated that this determination had not yet been made and was under review.

Snohomish recommends BPA classify "new" transmission service as new Original requests for firm transmission service, where the request is not already associated with an existing long-term firm transmission reservation. This definition for new transmission service keeps the two Tariffs functionally separate and allow customers operating under the existing and new Tariffs to continue scheduling and managing their firm contract rights without confusion.

If BPA instead broadens the definition of "new" transmission service to apply to redirects, resales, or any non-Original request created subsequent to implementation of the new Tariff, Snohomish sees the potential for the parallel Tariff introducing additional uncertainty as well as business process interruption. Any non-Original reservation granted would be governed by the new Tariff, while the capacity allocated to that reservation would come from a parent reservation operating under the currently-existing Tariff. Given that the currently-existing Tariff provides the right to utilize capacity for redirects, resales, and other actions, it does not stand to reason that the governing Tariff would change when exercising those rights.

PTP and Load Service

Revising the Tariff also provides an opportunity for BPA to consider how the historical and unique role of Point-to-Point transmission service (PTP) on its system will be reflected in the

Tariff. Currently, several BPA preference power customers utilize PTP transmission to serve their loads; Snohomish encourages BPA to consult these PTP customers on how to best preserve their ability to provide reliable load service to their customers. Different utilities will have different needs on how they serve their customers; BPA customers' ability to serve load should not be advantaged or disadvantaged based solely on that customers' transmission product choice. Establishing a new Tariff provides BPA and its customers the unique opportunity to take an in-depth look at how customers use their transmission for load service and ensure that those load serving entities are protected from unintended consequences.

Transmission Topics

Queue Management and BPA TSR Process Timeline

Snohomish responded to several of the revisions BPA proposed under the Queue Management umbrella. As part of each comment letter submitted, Snohomish requested from BPA a timeline that shows how a newly submitted TSR would be processed from Day 1, including when it might be offered (or evaluated for) Conditional Firm, partial offers, counter offers, and even how and when it would be put into BPA's Study process. We understand that BPA staff are now working to develop such a diagram. Snohomish believes this work flow would be very informative and give a clear idea to customers how BPA plans on implementing the changes outlined as part of the Queue Management process.

Source/Sink Requirements on Short Term Reservations

Snohomish appreciates that BPA took the feedback of its customers that Source/Sink requirements on Short Term reservations would be overly burdensome and difficult to implement. As BPA continues its work redesigning the Short Term ATC calculation study, Snohomish encourages BPA staff to emphasize methodologies that do not require Sources and Sinks on Short Term reservations.

Remainder Reservations

In its comments, Snohomish requested a more detailed description of how Remainders fit into the overall timing of a transmission request; specifically, when in the process a Remainder would be considered, and whether the potential existed for it to be removed from the queue prior to proper evaluation. Snohomish has not yet received this description; we believe that this question could be addressed by the TSR Process Timeline and recommend that BPA integrate its response into that work.

Conditional Firm and Alternatives to South of Allston

As noted in its comments dated August 8th, Snohomish sees the possibility for unintended consequences in using Conditional Firm as an interim service option for South of Allston. Snohomish has not yet seen analysis that confirms there will be no negative impacts elsewhere on the transmission system due to Conditional Firm offerings across South of Allston. While this level of technical analysis was not necessarily within in the scope of these initial meetings,

Snohomish recommends that BPA undertake this work as part of its ongoing efforts to mitigate congestion on the South of Allston path, as well as its efforts to conform Conditional Firm (both for PTP and NT customers) to the Pro Forma tariff.

Hourly Firm Transmission Product

The subject of the Hourly Firm product and Snohomish's ability to utilize it for load service requires careful consideration. Snohomish appreciates that BPA has been willing to listen to its customers and consider alternatives regarding treatment of its Hourly Firm transmission product. Snohomish continues to believe that the Hourly Firm product is an integral component for load serving PTP customers in the Northwest and that any potential problems stem from the "unlimited" characteristic of the current product.

As BPA continues to work on the Hourly Firm product and examines the status quo, Snohomish recommends exploring synergies with the Short Term ATC methodology; to implement a limited Hourly Firm product, BPA will need a way to evaluate the availability of capacity on an hourly basis. These two needs dovetail together and seem to share many common objectives. Snohomish is willing to meet with BPA staff and walk through how it uses the Hourly Firm product for load service to help BPA better understand how the complete elimination of the Hourly product impacts customers' existing business processes.

If BPA determines in subsequent processes that it will not continue offering Hourly Firm, Snohomish recommends that BPA allow PTP customers to utilize a shaped Daily product, similar to the product available to NT customers. While this solution is more restrictive and does not provide the same flexibility as an hourly product, the ability to address hourly variation in generation and load patterns is vital to the continued viability of the PTP product in the Northwest market.

Conclusion

Snohomish appreciates the opportunity to collaborate on these issues and provide feedback to BPA as it considers the future of its transmission products and processes. If there are any questions or comments regarding these comments, please feel free to contact me.

Sincerely,



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