

October 4, 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, following up on the September 20, 2017, BPA Pro Forma Gap Analysis workshop discussions.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.

A broad representation of BPA customers expressed concerns about elimination of hourly firm transmission service at the September 20, 2017, BPA Pro Forma Gap Analysis workshop. As further discussed herein, Commenters urge BPA to work with stakeholders to find a solution to the problems created by unlimited hourly firm before making a decision to simply eliminate all hourly firm transmission.

1. 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

¹ It should also be noted that the comments below are intended to supplement the discussions at the September 20 workshop and do not substitute for the comments that are due to be submitted at the end of the workshops. This is particularly true in light of the limited information available on various BPA proposals and on how various proposals interact with and affect each other.

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

decrease, which should tend to increase BPA's ability to sell ATC without increased risk to customers and without reliance on Calibrated Model Assumptions.

BPA should ensure that ATC on its system that would otherwise be unused is available for short-term (*e.g.*, hourly) firm transmission in the smallest increments practicable. Such short-term firm transmission is essential, for example, for BPA transmission customers in serving load (*e.g.*, thorough redirects) and for facilitation of short-term economic transfers of energy in the Northwest. Elimination of all hourly firm would de-optimize the system and in some situations would force customers to buy more transmission than they need, which would needlessly drive up costs and tend to reduce the amount of BPA transmission available for others.

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. In fact, the absence of hourly firm (limited to hourly firm ATC values) on BPA's main grid would *devalue* long-term PTP by preventing redirects on an hourly basis--as needed, for example to serve load. This region and its bilateral market rely on the flexibility of transmission redirects to serve load.

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.

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

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

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.

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, these concerns are misplaced and should not require elimination of the availability of hourly firm transmission that is limited to ATC.

a. Concerns About Hourly Firm Price/Congestion Signals Are Misplaced and Should Not Require the Elimination of Hourly Firm Limited to Hourly Firm ATC

Concerns regarding hourly firm price/congestion signals are raised by BPA’s provision of *unlimited* hourly firm transmission. In other words, sale of unlimited hourly firm permits sales of hourly firm when ATC is not available. This will likely result in *pro rata* curtailment of that hourly firm transmission along with long-term firm transmission. This result can be minimized if hourly firm sales are limited to hourly firm ATC. In short, 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.

b. Concerns About Hourly Firm Curtailment Priorities Should Not Require the Elimination of Hourly Firm Limited to Hourly Firm ATC

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. These BPA concerns fail to recognize that secondary network service, by design, has a lower curtailment priority than firm service of any duration. Secondary network service 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). Secondary network service may be available during times when firm service is not available and has a higher priority than non-firm PTP.⁴ In Order No. 890-B, paragraph 117, FERC noted that NT customers can use secondary network service when firm service is not available.

It should also be noted that that NT customers can access available hourly firm transmission for undesignated resources rather than attempt to rely on lower priority secondary network service.

⁴ Order 888, slip opinion page 342. *See also* Order 888, slip opinion page 332, which includes the following:

Therefore, it is appropriate that the 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) enjoys a higher priority than non-firm point-to-point transmission service.

c. Concerns About High Customization for Hourly Firm Should Not Require the Elimination of Hourly Firm Limited to Hourly Firm ATC

BPA indicates a concern that hourly firm “requires high customization,” but this concern should not require the elimination of hourly firm limited to hourly firm ATC. BPA already offers hourly firm, and it appears that it is necessary to limit sales of hourly firm to hourly firm ATC. (BPA has indicated the need to improve its calculation of hourly firm ATC.) It thus appears the issue is one of implementation, so as to facilitate BPA’s provision of hourly firm limited to ATC and meet the needs of BPA’s customers for this product.

As indicated above, 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 hourly firm ATC and explore possible variations in the hourly firm product and processes that would facilitate the provision of this product and meet BPA customers’ need for hourly firm limited to hourly firm ATC.

3. Elimination of BPA Hourly Firm Should Be Explained in a Reasoned Decision and Follow the Requirements of Section 9 for Amendments to BPA’s OATT

At the September 20 workshop, BPA indicated that it has decided to eliminate hourly firm but is open to considering alternate products. However, any determination to eliminate BPA hourly firm should be explained in a reasoned decision after input from stakeholders on whether BPA should eliminate hourly firm. A broad representation of BPA customers expressed concerns about elimination of hourly firm transmission service at the September 20, 2017, BPA Pro Forma Gap Analysis workshop. Commenters urge BPA to work with stakeholders to find a solution to the problems created by unlimited hourly firm before making a decision to simply eliminate all hourly firm transmission. As discussed above, elimination of all hourly firm is problematic.

Further, elimination of BPA hourly firm transmission will require amendment of BPA’s Open Access Transmission Tariff (“OATT”). See, e, g, BPA OATT sections 9 and 13.8. If BPA is to change its OATT, BPA may only do so in accordance with the provisions of section 9.

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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.