

June 2, 2020

Via email:

techforum@bpa.gov

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

Re: Comments of Avangrid Renewables, LLC, Avista Corporation, Portland General Electric Company, and Puget Sound Energy, Inc. Regarding TC-22, BP-22 and EIM Phase III May 19, 2020 Workshop on

- (i) **Seller's Choice**
- (ii) **ST Undesignation of DNRs and ST ATC**
- (iii) **Functionalization and Assignment of Grid Modernization and EIM Costs in the BP-22 Proceeding**
- (iv) **Intertie Studies**

Avangrid Renewables, LLC, Avista Corporation, Portland General Electric Company, and Puget Sound Energy, Inc. ("Commenting Parties") submit the following comments on the BPA TC-22, BP-22 and EIM Phase III May 19, 2020 Workshop presentation.¹

1. Seller's Choice

a. BPA Should Clarify Its Process for Encumbering (and Unencumbering) ATC for NT Service, Including ATC for Seller's Choice in Particular

The May 19 Presentation at page 24 states as follows with respect to "the ATC Impact of Seller's Choice":

LT ATC:

- Encumbering for Seller's Choice has **no impact to LT ATC**.

–Customers are utilizing resource forecasts that have been previously encumbered.

ST ATC:

¹ Available at [https://www.bpa.gov/Finance/RateCases/BP-22-Rate-Case/Documents/19May20%20-%20Main%20Tarrif-Rates-EIM%20Workshop%20\(Update%2021May\).pdf](https://www.bpa.gov/Finance/RateCases/BP-22-Rate-Case/Documents/19May20%20-%20Main%20Tarrif-Rates-EIM%20Workshop%20(Update%2021May).pdf) ("May 19 Presentation").

- Encumbering for Seller’s Choice appears to have minor impacts to ST ATC from the time the TSRs are confirmed to the next short term base case.
- Any unused impacts from forecasted resources are released to market 60 days out, increasing ST ATC.
- BPA has not identified any ST TSRs that were refused due to the impacts of Seller’s Choice to ATC.

However, this description does not adequately address the following questions:

- (i) what encumbering for Seller’s Choice entails (e.g., timing, process, and magnitude of encumbrance), and
- (ii) how, when, and to what extent BPA LT and ST ATC is encumbered (and unencumbered) under Seller’s Choice.

BPA should provide responses to these questions, including quantifications, for its stakeholders.

From the May 19 workshop, it appears that (a) BPA uses a Forecasted Network Resource TSR (FTSR) to reserve “transmission capacity for a forecasted Network Resource”² and (b) a long-term FTSR “bypasses” an ATC check. It is unclear whether and how bypassing an ATC check can and should be used to encumber ATC. Again, BPA should clarify these matters for its stakeholders.

In short, BPA should clarify its process, and the effects of its process, for encumbering (and unencumbering) ATC for NT Service, including ATC for Seller’s Choice in particular.

b. The Effect of Seller’s Choice on BPA’s Transmission System ATC Calculations Should be Evaluated and Transparency Provided before any Decision to Propose Extension of Seller’s Choice in TC-22

The following requests for information were included in the March 31, 2020 Comments of Avangrid Renewables, LLC, Avista Corporation, Portland General Electric Company, and Puget Sound Energy, Inc.³ at page 3:

. . . . Seller’s Choice generally does not result in an identification of a particular resource as the DNR until Preschedule day. BPA should evaluate and explain any effect on the accuracy of its ATC calculations (including calculation of ATC that is available on a firm basis prior to the Preschedule day) that results from not identifying particular resources as DNRs until Preschedule day. In short, the effect of Seller’s Choice on ATC and the

² “Acronyms and Glossary,” BPA Transmission Business Practices Version 4 6/12/2019, available at <https://www.bpa.gov/transmission/Doing%20Business/bp/Redlines/Glossary-BPA-Transmission-BPs-V4.pdf> , defines Forecasted Network Resource TSR (FTSR) as follows: “An LTF NT TSR, submitted over OASIS, reserving transmission capacity for a forecasted Network Resource.”

³ Available at [https://www.bpa.gov/Finance/RateCases/BP-22-Rate-Case/Documents/Comments/Mar%2017%20Workshop/03.31.20%20Commenting%20Parties%20\(Avagrid-PGE-Avista-Puget\).pdf](https://www.bpa.gov/Finance/RateCases/BP-22-Rate-Case/Documents/Comments/Mar%2017%20Workshop/03.31.20%20Commenting%20Parties%20(Avagrid-PGE-Avista-Puget).pdf) .

accuracy of BPA's ATC calculations should be fully evaluated and transparent before BPA makes any decision to propose extension of Seller's Choice in TC-22.

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. . . . Please provide BPA's analysis of the impacts of Seller's Choice on the availability of BPA hourly firm transmission or the availability of ATC for BPA hourly firm transmission. This analysis should include analysis of the effect on ATC of "up to five TSRs in order to enable maximum flexibility."

BPA should respond to these requests for information and to the questions posed in Section 1.a above, before any decision to propose extension of Seller's Choice in TC-22.⁴ Also, the effect of the NT MOA⁵ on BPA's ATC is unclear and should be reviewed in TC-22 proceedings to provide transparency and help ensure that it is not resulting in over encumbrance of ATC on BPA's transmission system.

2. ST Undesignation of DNRs and ST ATC

The May19 Presentation at page 5 includes the following with regard to ST undesignation of DNRs and ST ATC:

- BPA does not calculate its ST ATC frequently enough for ST undesignations to be reflected in ST ATC.
- The systems are not in place at this time to recognize ST undesignations of NT resources and release the corresponding ST ATC to the market.
- The full implementation of NITS on OASIS will include this functionality. However, the recent FERC Order 676-I makes extensive changes to the NITS on OASIS module that OATI needs to build over the next several months.
- BPA still offers unlimited non-firm transmission, which mitigates the impact of not releasing ST ATC to the non-firm market after ST undesignation of a network resource.

⁴ The statements at page 24 of the May 19 Presentation are, as discussed above, unclear; these statements do not provide the information sought by the above-described March 31, 2020 requests.

⁵ BPA's Memorandum of Agreement For The Management of Network Integration Transmission Service for Delivery of Federal Power To Network Customer Loads ("NT MOA"), available at: https://www.bpa.gov/transmission/CustomerInvolvement/NTService/Documents/nt_moa_agreement.pdf). The NT MOA should be reviewed along with review of the effect on BPA ATC of Seller's Choice and firm off-system sales from DNRs for less than a year without undesignation. See May 12, 2020 Comments of Avista Corporation, Idaho Power Company, Portland General Electric Company, and Puget Sound Energy, Inc. Regarding TC-22, BP-22 and EIM Phase III April 28, 2020 Workshop, available at https://www.bpa.gov/Finance/RateCases/BP-22-Rate-Case/Documents/Comments/Apr%2028%20Workshop/Avista_Idaho_PGE_PSE%20Comments%20on%20May%2019%20TC%20BP%20EIM%20workshop.pdf at page 4.

This information is helpful and appreciated.⁶ BPA should address DNR undesignations in TC-22⁷ and include a commitment to develop and implement as soon as practicable systems for ST undesignations of NT resources and release of the corresponding ST ATC (which would presumably be firm).

3. BPA Should Address the Functionalization and Assignment of Grid Modernization and EIM Costs in the BP-22 Proceeding and in the BP-22 Workshops

The May 19 Presentation at pages 98-107 describes some BP-22 topics, including some workshop topics. A topic that should be added as a BP-22 topic (including as a workshop topic) is the functionalization and assignment of Grid Modernization and EIM costs.⁸

In this regard, BPA's ratemaking includes a determination of the functionalization and allocation of the costs to be recovered by the rates.⁹ Even if BPA spending levels are determined outside a BPA rate case, the functionalization and assignment for ratemaking purposes of the BPA costs arising from such spending is properly subject to determination in a BPA Northwest Power Act section 7(i) rate proceeding.

Inasmuch as BPA's Grid Modernization and EIM costs are relatively new and will likely be significant, it is particularly important that the functionalization and assignment of these costs be addressed in BP-22. BP-22 workshops on this topic are an important step in this process.

4. Southern Intertie Studies

The BPA presentation at the BPA March 17, 2020 TC-22, BP-22 and EIM Phase III Customer Workshop presentation at page 64 indicates that Southern Intertie Studies are complicated and very costly to perform and at pages 65-67 presents three alternatives for Southern Intertie Studies:

⁶ It should be noted that BPA has indicated it is considering--in lieu of unlimited hourly non-firm and TLR avoidance--the Hourly NF AFC Pilot Program. It may potentially offer a more robust and accurate method of controlling sale of non-firm AFC on BPA's system than is provided by TLR avoidance. See March 31, 2020 Comments of Avangrid Renewables, LLC, Avista Corporation, Portland General Electric Company, and Puget Sound Energy, Inc. on March 17, 2020 TC-22, BP-22 and EIM Phase III Customer Workshop, available at [https://www.bpa.gov/Finance/RateCases/BP-22-Rate-Case/Documents/Comments/Mar%2017%20Workshop/03.31.20%20Commenting%20Parties%20\(Avangrid-PGE-Avista-Puget\).pdf](https://www.bpa.gov/Finance/RateCases/BP-22-Rate-Case/Documents/Comments/Mar%2017%20Workshop/03.31.20%20Commenting%20Parties%20(Avangrid-PGE-Avista-Puget).pdf) at section 5.

⁷ See, e.g. the May 12, 2020 Comments of Avista Corporation, Idaho Power Company, Portland General Electric Company, and Puget Sound Energy, Inc., available at https://www.bpa.gov/Finance/RateCases/BP-22-Rate-Case/Documents/Comments/Apr%2028%20Workshop/Avista_Idaho_PGE_PSE%20Comments%20on%20May%2019%20TC%20BP%20EIM%20workshop.pdf.

⁸ The BPA Grid Modernization work is extensive and covers a considerable range of activities, as suggested by the Grid Modernization Roadmap at page 29 of the BPA Q2 Quarterly Business Review Technical Workshop (May 18, 2020) presentation, available at <https://www.bpa.gov/Finance/FinancialPublicProcesses/QuarterlyBusinessReview/qbrdocs/Q2%20FY20%20QBR%20Technical%20Workshop%20May%2018.pdf>.

⁹ See, e.g., Order Confirming and Approving Rate on a Final Basis, Bonneville Power Administration, Docket Nos. EF14-5-000, EF14-5-001 (Issued October 16, 2014), available at <https://www.ferc.gov/whats-new/comm-meet/2014/101614/E-9.pdf> at paragraph 11.

Alternative 1 –Remove Commercially-Driven Intertie Expansion from the OATT

Alternative 2 –TSR Initiates Study Only Upon Request for a Study

Alternative 3 –Adopt *Pro Forma* Process

The May 19 Presentation indicates at page 58 that BPA will focus on alternatives 1 and 2 and suggests at page 60 a refined alternative 1 described as follows:

Modify the tariff to eliminate the requirement to conduct studies in response to Southern Intertie TSRs, so TSRs will remain in STUDY status if/until ATC is available, the TSR expires, or BPA offers a study agreement due to having identified potential upgrades.

Commenting Parties are concerned that alternative 1, by itself, reserves significant discretion for BPA to determine when a study will be offered, without offering any similar flexibility to customers to request a study. Instead of considering the alternative as described above, BPA should consider a further refined alternative that contemplates offer of a study agreement due to either BPA having identified potential upgrades (akin to refined alternative 1) *or* a customer requests a study agreement (akin to alternative 2¹⁰):

Modify the tariff to eliminate the requirement to conduct studies in response to Southern Intertie TSRs, so TSRs will remain in STUDY status if/until ATC is available, the TSR expires, ~~or BPA offers a study agreement due to having identified potential upgrades, or a customer(s) requests a study agreement.~~

Commenting Parties are interested in further exploring this further refined alternative that provides both BPA and customers with flexibility and choice regarding studies of Southern Intertie requests. If BPA is unwilling to consider this approach, then Commenting Parties believe alternative 2 is the appropriate approach for further consideration.

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Nothing contained in these Comments constitutes a waiver or relinquishment of any rights or remedies provided by applicable law or provided under BPA's Tariff or otherwise under contract. 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.

¹⁰ In light of the fact that Southern Intertie Studies are complicated and very costly to perform, Alternative 2 provides valuable flexibility by permitting customers to request transmission on the Southern Intertie without forcing them to finance expensive studies in order to remain in the queue, but at the same time permitting them to request a system impact study.