Via Electronic Mail: techforum@bpa.gov | 13 July 2022

Shell Energy North America (US), L.P.
4445 Eastgate Mall Suite 100
San Diego, CA, USA 92121
https://www.shellenergy.com

Shell Energy North America (US), L.P. ("Shell Energy") appreciates the opportunity to submit comments to the *Techforum* regarding BPA TC-24 & BP-24 June 29th workshop topics. We appreciate BPA giving the space for stakeholder presentations at upcoming customer-led workshops. Shell Energy thanks BPA staff, customers, and stakeholders for their openminded and engagement on issues in this ratecase.

Power UAI charges

Shell Energy suggests the Demand UAI ("D-UAI") rate is overly punitive and is applied in an overly broad manner. The D-UAI rate should be set to the applicable power price cap per FERC order 831.

Additionally, BPA's TCMS offering to eligible customers does not adequately insulate against exposure to a D-UAI during certain conditions. Supply interruptions such as E-Tag curtailments caused by generator trips are not covered by TCMS. Instead, we understand TCMS to only insulate against D-UAI when a schedule curtailment occurs due to a BPA transmission related factor. That is, TCMS does not cover instances where a non-federal generator trips or a non-BPA transmission provider curtails an E-Tag.

We suggest BPA consider offering a more comprehensive curtailment management product or enhancing the existing TCMS scope.

Transmission UIC & FTC charges

BPA's UIC charge for unreserved transmission is, without question, overly punitive. FERC order 890-A found "unreserved use penalties up to two times the transmission provider's applicable point-to-point service rate are just and reasonable"[1]. BPA's UIC rate is

[1] FERC Order 890-A. Page 243, paragraph 461. Accessed 12 July 2022: https://www.ferc.gov/sites/default/files/2020-05/E-1890.pdf

$1000/MWh—many multiples of the prevailing standard FERC found to be just and reasonable. Shell Energy requests BPA consider aligning UIC penalties with guidance in FERC order 890-A, with exceptions.

The current UIC waiver process relies upon undefined terms, (e.g., exercising reasonable care) and is often unlikely to result in mitigation of a UIC penalty. In practice, UICs are often due to inadvertent errors, data latency, or general scheduling timing problems. We would support retaining the current UIC penalties when caused by reckless, intentional behavior or occurring regularly, such as more than 5 occurrences per month, per customer. In the vast majority of cases, simply charging twice the tariff rate is reasonable—especially when the unreserved usage causes no harm to the system and BPA has adequate ATC on the path.

Shell Energy also suggests BPA should earmark funds collected from transmission UIC penalties and allocate these monies to fund a preemptive notification system when a customer experiences unreserved use. A notification would better allow a transmission customer to take corrective action. Simple enhancements such as an automated email being sent (such as the JOTS system emails) when transmission is unreserved would vastly improve the status-quo. BPA should enhance the existing CDE system to enable this notification.

As a guiding principle, BPA should endeavor to apply non-preferential treatment with respect to unreserved penalties to both power and transmission customers. A directional decrease/increase of UAI penalties to power customers should correspond with a directional decrease/increase of UIC penalties to transmission customers. These decreases/increases may not be the exact dollar amount, but the overall direction should correspond unless a compelling reason prevents this principle.

Regarding the FTC charge, it is unclear this penalty is still required due to the re-optimization of resources provided with BPA's entry in the WEIM. BPA should transition from the index-based FTC charge towards an EIM price. We suggest if FTC is still determined to be required by both staff and customers, the penalty should be based upon 150% of the applicable generator's RT price node (Gnode).

Monthly transmission loss factors

Shell Energy does not support adoption of a monthly loss factor; instead, the seasonal loss return factors should be retained for TC-24. The TC-22 ROD only directed a staff analysis and proposal for consideration in TC-24[2]. That is, adopting a monthly loss factor then was not a

[2] BPA TC-22 ROD. Page 16. Accessed 12 July 2022: https://www.bpa.gov/-/media/Aep/about/publications/records-of-decision/rod-20210728-tc-22-a-03-tariff-proceeding.pdf

foregone conclusion for TC-24. Shell Energy appreciates staff's efforts to provide a comprehensive analysis.

We respectfully suggest a monthly loss factor for network losses would complicate loss return schedules unnecessarily and expose transmission customers to penalties for loss return scheduling errors when the factors change every 30 days. Both approaches result in a 12-month (Jan – Dec) average of 2.05% for network loss factors. It is not clear to us what advantage, if any, monthly losses provide in the long run.

Respectfully submitted,

Ian D White
General Manager, Regulatory Affairs
Shell Energy North America (US), L.P.
601 W. First Avenue, Suite 1700
Spokane, Washington, USA 99201
ian.d.white@shell.com | +1.360.520.3013