



Comments on BPA TC-20: June 26 workshop

The Northwest and Intermountain Power Producers Coalition (NIPPC) offers the following comments to the BPA proposals presented during the 2018 Transmission Business Model/Pro Forma Gap Analysis workshop on June 26.

NT Service

The key attribute of Network Transmission Service under the pro forma OATT is the Transmission Provider's obligation to ensure Network customer load is served and that the Transmission Provider plans its system to ensure firm load service for those customers in the future. In return, Network customers must make their resources available for redispatch by the Transmission Provider on a least cost, non-discriminatory basis. In current practice, BPA (and its customers) seem to be under the impression that Network service allows the customer to decide which of its Designated Network Resources will serve its load. In practice, by not implementing NT redispatch, BPA's NT Service actually restricts BPA's flexibility in its operation of its transmission system and gives NT customers more control over the resources that serve their load than they would have under FERC's pro forma Network Service. Moreover, in an attempt to duplicate the flexibility afforded to the transmission operator by FERC's pro forma Network Service and work-around its NT redispatch policies, BPA has created a "conditional" Network Service.

NIPPC recommends that BPA eliminate its Conditional Network Service product. NIPPC also recommends that BPA and its customers implement redispatch of NT customers' Designated Network Resources. BPA has stated (without sharing any analysis) that the costs of implementing redispatch outweigh the benefits. Nevertheless, redispatch of Designated Network Resources is an important part of the compromise that comes with a customer's decision to take Network Service.

With regard to Attachment M, NIPPC recommends that BPA adopt Alternative 3 described as "partial pro forma." BPA and its Network customers need to move towards implementing routine redispatch of non-Federal generation resources that Network customers have designated to serve their load. To the extent Attachment M provides additional benefits to BPA and its customers (including Point to Point customers) it should retain Emergency and Discretionary Redispatch.

In its presentation, BPA has stated the conclusion that:
BPA's ability to provide NT Redispatch solely from the FCRPS or from all Network Resources is a deviation from pro forma that, at this time, provides significant benefit to BPA's mission and the region.

While BPA's conclusion may be correct, NIPPC encourages BPA to share the underlying analysis supporting this conclusion. What would the costs of compliance be to BPA and its customers? Are these investments part of BPA's grid modernization proposal? What additional benefits would redispatch of non-Federal resources provide? Even if redispatch is not implemented universally, are there specific generation units that NT customers have designated to serve their Network load that could provide system benefits if they were available for redispatch?

BPA's proposed tariff language should also clarify that the costs of NT Redispatch are shared by BPA's NT customers based on their load ratio share. No costs of NT redispatch should be allocated to BPA's Point to Point customers.

NIPPC also urges BPA to immediately require NT customers to undesignate their Designated Network Resources whenever those resources are used to support market sales and not used to serve the NT customer load. This is a tariff compliance issue and should not be delayed until TC-22.

Hourly Firm

In previous comments, NIPPC has strongly encouraged BPA to retain Hourly Firm Service. If BPA must cease offering "unlimited" Hourly Firm Service, NIPPC urges BPA to continue to offer a limited quantity of Hourly Firm Service.

NIPPC recognizes that in certain, infrequent circumstances BPA's provision of unlimited Hourly Firm Service can contribute to congestion and trigger curtailments. NIPPC contends, however, that these events are rare and that eliminating Hourly Firm entirely is an overkill solution compared to the reliability/operational problems BPA is trying to solve. NIPPC requests that BPA provide an analysis that shows how frequently and to what magnitude offering unlimited Hourly Firm Service has caused reliability and operational problems.

If the analysis suggests that BPA must cease offering "unlimited" Hourly Firm Service, then, NIPPC urges BPA limit Hourly Firm Service commensurate with the problems actually caused and no more.

While BPA also proposed a Shaped Daily Firm product at the workshop, it did not provide sufficient detail regarding the product's attributes and costs sufficient to allow NIPPC to fully evaluate this alternative. Nevertheless, NIPPC's initial response is that it does not appear that a Shaped Daily transmission product can adequately replace Hourly Firm Service.

NIPPC also requests further details on how BPA would implement preemption and competition Hourly Firm Transmission Service. Given that Hourly Firm is not a pro forma product, it's not clear that FERC's preemption and competition rules would need to be applied to it. But NIPPC agrees that the region would benefit from further discussion and evaluation of the costs and benefits of implementing pre-emption and competition principles to the Hourly Firm Product. Hourly Firm Service is an important component underlying and facilitating the Pacific Northwest's wholesale energy market. As such, the topic of the future of Hourly Firm Transmission Service is significant and needs further consideration and opportunities for customers to comment.

Schedule 9

NIPPC objects to the "new" language of Section 9 proposed during the workshop. Under the proposed language, BPA's obligation to provide balancing reserves is capped by the forecast quantity and can be reduced if providing that capacity is not "physically feasible." Arguably, this language creates no obligation for BPA to provide any quantity of balancing reserve capacity. The language also fails to include any reciprocal obligation of BPA to offer additional balancing reserve capacity above the forecast quantity when it is physically feasible for it to do so. NIPPC recommends the following language for Section 9:

Pursuant to Schedule 10, when transmission service is used to deliver energy from a generator located within its Control Area the Transmission Provider must offer at least the amount of balancing reserve capacity forecast for this service and any additional capacity to the extent it is physically feasible to do so from its resources or from resources available to it.

Generator Interconnection

NIPPC is generally supportive of the suggestion that BPA should reform its Generator Interconnection processes. NIPPC also recognizes, however, that revising these processes can have unintended consequences which may otherwise negate potential benefits. NIPPC looks forward to receiving additional details from BPA regarding the exact nature of the proposed reforms. NIPPC is also concerned that BPA's timeline for TC-20 may be too compressed to fully consider the impacts of proposed Generator Interconnection reforms.

NIPPC encourages BPA to consider Generator Interconnection reforms adopted by the California Independent System Operator as examples of Generator Interconnection reforms that have had the intended effect. NIPPC urges BPA to review the CAISO Tariff and Generator Interconnection Business Practices. NIPPC specifically encourages BPA staff to review CAISO's deviations related to clustering, equitable cost sharing and at-risk deposit policies for further discussion with customers.

ATC Methodology

NIPPC again encourages BPA to fully incorporate all elements of Attachment K into its long-term planning process. BPA's ATC methodology should incorporate state public policy requirements in its generator dispatch and load growth assumptions. BPA must also move quickly to develop assumptions sufficient to allow timely processing of transmission service requests related to storage projects. NIPPC believes these are tariff compliance requirements and should not be delayed to the TC-22 process.

NIPPC also urges BPA to convene a workshop and take customer comment on the future of Conditional Firm Point to Point Service. The PFGA process suggested that BPA would be making changes to its conditional firm product offering; NIPPC is particularly concerned that BPA's proposal to periodically "reassess" the number of hours of curtailment would make the product unworkable for new generation projects. NIPPC urges BPA to meet with customers and work out the details of a revised conditional firm transmission product before the start of the next TSEP study process.