

Transmission Business Model/PFGA Customer Workshop Summary, Sept. 20, 2017

Overview

This summer, BPA launched a series of customer workshops to solicit input on a number of commercial transmission issues, primarily around results of the Pro Forma Gap Analysis (PFGA) but also including commercial alternatives to address requests for service given the decision not to build the I-5 Corridor Reinforcement.

On Sept. 20, 2017, BPA convened the third in a series of workshops focused on the following three topics:

1. Ancillary Services - This topic is focused on specific areas that are currently dealt with every two years in the rates process. Schedule 9, VERBS and DERBS define some of the control area services that will be addressed.
2. Real Power Losses - This topic focuses on opportunities to provide more accurate loss factors that will result in improved cost calculations. Also, BPA is interested in pursuing more use of financial-only returns for settled losses.
3. Hourly Firm – With the expected retirement of this product to better preserve the value of longer-term service and to improve congestion management, BPA wants to work with customers to identify opportunities to minimize market disruption.

The following summaries are BPA's attempt to capture key themes, concerns and questions identified by stakeholders.

Ancillary Services

- Schedule 9 Generator Imbalance Service
 - More discussion is needed around including “Physical Feasibility” language and customers would like to review the proposed Schedule 9 language once it is developed.
 - New capability of acquiring from a 3rd party is a consideration.
 - BPA should do its best to balance service level and cost
- Implementation
 - Customers want to better understand how the tariff would be updated to reflect current service (terms & conditions) level.
 - Schedule 9 is related to Schedule 4. Should we also look at Schedule 4?
- Rate Case
 - It does not necessarily provide comfort to customers by moving terms and conditions to tariff.
 - There are concerns that the proposed process may lead to opening up the tariff to change every couple years (in conjunction with rate case).
- General Comments
 - There are concerns that the region could be losing flexibility to meet market needs or adjust products to market needs.
 - BPA should endeavor to strike a balance around the detail included in the tariff versus flexibility to update products to meet market need.
 - There are concerns around the scope of work and the limited time available to complete.



- Should changes be done through business practices versus tariff changes?
 - Be considerate of amount of work and the time it will require to make changes.
 - There are concerns around intermittent resources leaving/entering the BPA balancing area.

Real Power Losses (three forms of losses, financial, concurrent and slice)

- Financial
 - Given that it has not been revisited in a decade, does BPA plan to review its current pricing structure for financial loss settlements?
 - What is the process for updating the price of loss returns?
 - Where would the loss factor be captured and how will it be updated?
- Concurrent
 - How will concurrent losses be calculated?
 - How will concurrent losses be tagged?
 - Benchmarking – How have others implemented concurrent losses?
 - PAC implements concurrent losses (section 10 of their tariff). How is this done?
- General Comments
 - BPA should consider how any changes to losses relate to market dynamics such as the CAISO EIM.
 - Customers like having options. BPA should consider maintaining more than one option for loss returns.
 - Be considerate of overall cost/value to customers. Don't just pursue options to streamline resources (i.e. FTE).
 - Don't move to a method that is more complicated than what we already have.

Hourly Firm

- Product development/design
 - Replacement of Hourly Firm (HF) with something else (adequate replacement).
 - Could other Short Term products be modified to adapt to market? Potentially hourly Conditional Firm (CF)?
 - Customers should be allowed to switch products if elimination of HF makes NT service more appealing.
 - Long Term products have value because of HF Redirect flexibilities.
- Inventory Calculations
 - Attempt to calculate improved and/or more accurate hourly ATC values.
 - BPA has obligation to calculate hourly ATC values regardless of whether it sells the product.
 - "Unlimited" HF makes no sense, but "don't throw the baby out with the bath water.."
- Business/Market Impacts
 - HF sales that result in deeper curtailments for all other users and/or impair load-service can't be tolerated.
 - If customers must use Non Firm, liquidated damages are assigned in the event of a curtailment, and these cuts are likely to be deeper if the HF product is eliminated.

- More dynamic markets are the way of the future, so don't "lock in" to rigid bilateral purchases and modeling.
- Purchase of longer short-term products may de-value and de-optimize use of the system, resulting in even less accurate hourly ATC calculations.
 - Clarity is needed on whether/how daily, weekly, monthly firm devalue longer term purchases.

Next Steps

A two week comment period on the topics presented in the Sept. 20 workshop concludes **Oct. 4, 2017**. Stakeholders are encouraged to submit specific questions and comments through their account executives or techforum@bpa.gov. BPA will respond to comments as appropriate and consider this input in its decision making process. Comments will be posted publicly on the [Customer Comments](#) section of the Transmission Business Practice page.

Stay Involved

BPA has posted all presentations to its public web site located at: <https://www.bpa.gov/transmission/CustomerInvolvement/TransmissionBusinessModel/Pages/default.aspx>. This web site will be the common repository for all documents for future workshops as well. Customers and stakeholders should continue to submit questions or comments through their account executive or techforum@bpa.gov. The next workshop is scheduled for Oct. 27, 2017.