

April 6, 2022

COMMENTS OF NIPPC – Concurrent Loss Returns

Thank you for the opportunity to provide comments to the proposals and concepts discussed during the March 30 workshop on concurrent loss returns.

Dynamic Transfers and Pseudo-Tie Transactions

BPA staff proposes to include Dynamic Transfers and Pseudo-Tie Transfers in its calculation of a customer's loss obligation using the same timelines as standard loss returns. BPA also proposes to deem in-hour and After-the-Fact adjustments resulting from these schedules to be Loss Imbalance and proposes to settle all Loss Imbalance charges financially.

In the absence of any detail related to the financial settlement charge, NIPPC is unable to fully respond to the proposal. NIPPC believes that an acceptable financial settlement charge would include the following:

1. The mechanism to calculate the financial settlement (credit to customer) of over-delivery of losses and the mechanism to calculate the financial settlement (charge to customer) of under-delivery of losses due to variations in the amount of energy delivered across an hour should be the same.
2. For example, a customer whose over-delivery and under-delivery of losses net to "0" across an hour (or across a number of hours) should pay no Loss Imbalance charge.
3. This would require BPA to provide a credit for capacity charges when a customer overdelivers on losses.

NIPPC continues to believe that BPA should eliminate financial settlements to the extent possible. One alternative which BPA should consider would be to allow a customer to increase its delivery of energy by the appropriate loss percentage. If losses were 3% for an hour, the customer would simply increase its delivery by 3% on its dynamic transfer or pseudo-tie transfer.

If BPA is successful in developing an API (Application Programming Interface) to allow for automated "pull" of loss data, then customers with dynamic transfers or pseudo-tie transactions could access that data continuously and update their delivery of losses accordingly. This would allow the customer to most accurately schedule losses in realtime using a dynamic transfer to BPA.

Invalid Loss Returns

BPA proposes financial settlement of imbalances that result from reliability curtailments of schedules. NIPPC understands the purpose of this proposal is to compensate customers when they provide concurrent losses and BPA – or another transmission provider -- cuts the underlying schedule for a reliability purpose. NIPPC agrees that BPA should compensate customers in this instance. NIPPC encourages BPA to provide a proposed methodology for calculation of the financial settlement as soon as possible

BPA seeks comment on two options for managing penalties resulting from reliability events. BPA, however, has not provided any information on the difference in costs and/or penalties associated with the two options. All other things equal, NIPPC would encourage BPA to adopt Option One which provides that a customer will be exempt from penalties for any reliability events that first become known to the customer after T-67. If Option Two would have a materially lower cost to customers, NIPPC might recommend adoption of Option 2.

Furthermore, NIPPC disagrees with the premise that a customer who reacts to an unforeseen reliability event should be exposed to a penalty rate associated with losses. While NIPPC would agree that customers should be responsible for compensating BPA for its actual costs in facilitating a customer's response to a reliability event, the rate structure should not be punitive.

Real-Time and After-the-Fact Loss Return Imbalance

BPA proposes financial settlement for real-time and after-the-fact loss return imbalance. NIPPC continues to believe that BPA should eliminate financial settlements to the extent possible. In the absence of any detail related to the financial settlement charge, NIPPC is unable to fully respond to the proposal. NIPPC believes that an acceptable financial settlement charge would include the following:

1. The mechanism to calculate the financial settlement of over-delivery of losses and the mechanism to calculate the financial settlement of under-delivery of losses due to variations in the amount of energy delivered across an hour should be the same.
2. For example, a customer whose over-delivery and under-delivery of losses net to "0" across an hour (or across a number of hours) should pay no net Loss Imbalance charge.
3. This may require BPA to provide a credit for capacity charges when a customer over-delivers losses.

Slice

BPA currently allows Slice customers to settle their losses by reducing their energy allocation under their Slice contract. BPA proposes to retain this functionality. NIPPC is concerned that this process to settle losses is unduly discriminatory in favor of a subset of BPA's power customers. These power customers of BPA enjoy the relative ease of reducing a Slice right-to-power, thus eliminating need to schedule a loss return transaction to BPA including arranging a separate transmission reservation. BPA's other transmission customers, however, must submit

a separate schedule to return losses. This separate schedule requires customers to obtain a separate transmission reservation (even if the cost associated with that reservation is \$0.00) and submit a separate tag for delivery of the loss obligation. Slice customers will enjoy a simpler, more streamlined loss settlement mechanism with lower opportunities for human error and penalties. This same opportunity is not available to all customers, so NIPPC believes BPA's existing practice for Slice customers is unduly discriminatory in this context.

BPA should consider expanding the current Slice option to all transmission customers. Instead of requiring customers to submit a separate tag, BPA would provide all customers with the ability to include their loss obligation at the point of receipt and have BPA apply the appropriate loss factor to the point of delivery. OATI E-Tagging software currently has this capability, as other Transmission Providers currently utilize this approach. As BPA currently has the ability to provide this option to Slice customers, there should be no reason it cannot be expanded to other customers (including customers with dynamic transfers or pseudo-tie transfers) almost immediately.