

July 18, 2018

Via email: techforum@bpa.gov

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

Re: BPA TC-20 Comments of PacifiCorp Regarding BPA NT Redispatch Proposal

PacifiCorp submits the following comments in response to BPA’s “NT Redispatch and Attachment M” presentation as part of its June 26, 2018 TC-20 workshop (“June 26 Workshop”).¹ PacifiCorp also joins in the concurrently-submitted comments of Avangrid Renewables, LLC, Avista Corporation, PacifiCorp, Portland General Electric Company, Puget Sound Energy, Inc. on other topics raised in the June 26, Workshop, but writes separately to seek clarification about BPA’s NT Redispatch proposal.

Specifically, PacifiCorp requests clarification that BPA will not seek to redispatch “off-system” designated network resources (“DNRs”), i.e. those DNRs that are neither physically located in, nor pseudo-tied into, BPA’s own Balancing Authority Area (“BAA”). In the June 26 Workshop, BPA staff noted that it is not cost-effective to redispatch non-federal designated network resources “*at this time*,”² but that such capability is intended to be developed in the future. As such capability is realized, however, BPA should refrain from redispatching off-system resources, as to do otherwise would raise significant operational, contractual, and reliability risks for impacted BPA network customers.

A. General Reliability and Operational Risks Associated with Including Off-System DNRs in a NT Reliability Redispatch Program

FERC has described a transmission provider’s reliability redispatch options as “generators *on its system* that can ramp up or down in response to a curtailment.”³ There are important reliability and operational reasons for excluding off-system resources from a transmission provider’s NT redispatch program, including the lack of crucial information a host transmission provider has about off-system resources, described by FERC as follows:

Transactions in which the buyer of system energy is a network customer located on-system are clearly distinguishable from those in which the buyer and seller are located on different systems. In the former circumstance, the host transmission

¹ See, Bonneville Power Administration, *Terms and Conditions TC-20 Tariff Proceeding Customer Workshop*, 33-47 (June 26, 2018) available at <https://www.bpa.gov/Finance/RateCases/BP-20/Meetings/Tariff-Proceeding/June%2026,%202018/TC-20%20Customer%20Workshop%20Presentation%20Final%20for%20June%2026%202018.pdf> (hereinafter “June 26 Workshop Presentation”)

² June 26 Workshop Presentation, at 42 (emphasis in original).

³ Order No. 890 at P 1076 (emphasis added).

provider knows the normal operating levels and variable energy costs for both network customers' resources, the load forecasts for both network customers' network loads, and any transmission constraints requiring redispatch. Section 29.2(v) of the pro forma OATT requires such information to be submitted for each of the two designations (the original designation of the capacity by the seller, and the subsequent designation of the capacity by the buyer) such that the local transmission provider is able to use such information to simultaneously determine the expected dispatches for each network customer. From these predictions, reasonable operating and contingency scenarios can be modeled in order to accurately determine what transmission capacity should be reasonably set aside to accommodate both network customers. That is not the case when one party to the transaction is located in another transmission system.⁴

Off-system DNR redispatch is by no means industry standard nor FERC-sanctioned. Indeed, in FERC's Order No. 890 proceeding, BPA itself recognized these complexities, stating in relevant part:

[T]he Commission has proposed to require the transmission provider to identify generators in other control areas that could relieve the constraint on affected flowgates through redispatch of their resources. BPA does not believe that non-transmission provider resources should be used for redispatch. The transmission provider has no operational control over resources in other control areas and no ability to direct their redispatch.⁵

Notwithstanding BPA's position in the Order No. 890 proceeding, PacifiCorp nonetheless seeks clarification on this issue in part because seeking to redispatch off-system DNRs would not be a new proposal for BPA. In fact, "Long-Term Off-System (out of BAA) DNR[s]" were explicitly included in a NT Redispatch proposal from BPA in 2014.⁶

B. Specific Regional Concerns with Including Off-System DNRs in an NT Reliability Redispatch Program

In addition to the above-noted general operational and reliability concerns implicated by off-system reliability redispatch, grafting such a redispatch program into the interconnected transmission systems of the Pacific Northwest raises yet more complications. For example, a non-exclusive list might include the following questions:

⁴ Order No. 890-C at P 19 (emphasis added).

⁵ BPA Comments in Response to FERC NOPR, Docket Nos. RM05-25 and RM05-17, pages 31-32 (August 7, 2006).

⁶ Bonneville Power Administration, *Network Integration Transmission (NT) Service – Redispatch*, 13 (Feb. 12, 2014), available at https://www.bpa.gov/transmission/CustomerInvolvement/NTService/Documents/NT_Redispatch_Update_021214.pdf.

1. For resources participating in CAISO’s Energy Imbalance Market (“EIM”), how would BPA intend to coordinate the NT redispatch of these resources with CAISO or with other potentially conflicting reliability directives from different entities?
2. For resources with other interconnection and transmission obligations to non-BPA BAAs, how would BPA intend to coordinate the NT redispatch of these resources with other potentially conflicting reliability directives from external transmission providers?
3. Redispatch of resources committed for reserves purposes could result in entities like PacifiCorp being unable to meet its own reserve obligation requirements. How would BPA guarantee that its NT redispatch program would not affect these reserve obligations?
4. How would BPA guarantee that its NT redispatch program would not trigger violations of FERC resource license requirements or other operational obligations for off-system hydroelectric resources?
5. For resources with contractual flexibility to deliver non-specific DNRs to specific off-system delivery locations, how would BPA intend to determine the effectiveness of the INCs or DECAs on congested transmission flowgates if there are multiple non-specific resources serving a customer’s designated network load at any given time?

C. Clarification that BPA will not Seek to Redispatch Off-System Resources

PacifiCorp acknowledges BPA’s stated intention to maintain its ability to provide NT Redispatch solely from the FCRPS or from “all Network Resources.”⁷ As noted above, however, off-system DNR redispatch raises considerable operational, reliability, and contractual risks for BPA’s network customers. Thus, PacifiCorp seeks clarification and assurance that, as BPA develops its capability to eventually redispatch non-federal resources, BPA will not seek to redispatch off-system DNRs.

Moreover, if BPA does intend to eventually redispatch off-system DNRs, it should first reconcile that approach with the concerns outlined in these comments and give other customers an opportunity to weigh in—including about how their present or future Network Operating Agreements (“NOAs”) would need to account for such redispatch procedures.⁸ Second, consistent with BPA’s stated commitment to TC-20 participants, BPA would also need to clearly explain how off-system DNR redispatch is consistent with either FERC’s *pro forma* OATT or with BPA’s “strategic guidance” applicable in the case of *pro forma* deviations.⁹ In light of the

⁷ June 26 Workshop Presentation at 40.

⁸ As BPA has acknowledged, Section 33.2 of BPA’s Tariff states: “To the extent the Transmission Provider determines that the reliability of the Transmission System can be maintained by redispatching resources, the Transmission Provider will initiate procedures pursuant to the Network Operating Agreement to redispatch all Network Resources and the Transmission Provider’s own resources on a least-cost basis without regard to the ownership of such resources.” See also June 26 Workshop Presentation at 34 (noting Tariff requirements).

⁹ See, e.g. Bonneville Power Administration, *Terms and Conditions TC-20 Tariff Proceeding Customer Workshop*, 7 (April 23, 2018), available at <https://www.bpa.gov/Finance/RateCases/BP-20/Meetings/Tariff->

risks stated here, the lack of clear FERC approval or industry practice, and BPA's own statements advocating against off-system redispatch, PacifiCorp believes BPA's burden in this regard would be high.

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PacifiCorp appreciates 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.

[Proceeding/April%2023,%202018/Customer%20Workshop%20Presentation%20for%20April%2023%202018.pdf](#).

As BPA explained, it will consider differences from the FERC *pro forma* tariff if the difference is necessary to:

1. Implement BPA's statutory and legal obligations, authorities, or responsibilities;
2. Maintain the reliable and efficient operation of the federal system;
3. Prevent significant harm or provide significant benefit to BPA's mission or the region, including BPA's customers and stakeholders; or
4. Align with industry best practice when the FERC *pro forma* tariff is lagging behind industry best practice, including instances of BPA setting the industry best practice.