

2010 BPA Rate Case Transmission & Ancillary Services Customer Issues for Partial Settlement

**The following comments were submitted by
BPA Power Services on December 3, 2008.**

**BPA Power's (BPAP) comments on BPA Transmission's (BPAT) Issues to
be dealt with for 2010 BPA Transmission Settlement
and Additional Issues**

Comments on BPAT's Proposed Issues:

- 1. Failure to Comply Penalty Charge:** BPAP supports BPAT's proposal on the Failure to Comply Penalty Charge with modification to the language to address negative index prices. Negative prices impact BPAP in that if BPAP is required to take power because a generator's actual generation exceeds its schedule, and the price index is negative, BPAP may have to pay to put energy to others. During FY 2008, BPAP saw negative price indexes about 18 times during a three month period, and we anticipate that the occurrence of negative prices will increase in the future. Suggested language would be:

"Failure to Comply

No Credit is given for negative deviations (actual generation greater than schedules) for any hour(s) that the imbalance is a result of a party's failure to comply and reduce generation under Section II.B of the General Rate Schedule Provisions. If the index price is negative during the negative deviation, the party shall pay BPA-TS based on the negative index price."

- 2. Unauthorized Increase Charge:** This proposed penalty charge is considerably higher than that recommended by FERC in Order 890. While BPAP recognizes BPAT's need to have a charge that is high enough to incentivize customers not to intentionally stray from their schedules, we also recognize that customers sometimes make inadvertent mistakes in scheduling. BPAT has the ability to grant UIC waivers, and BPAP strongly believes BPAT should grant waivers for inadvertent scheduling errors, and that such waivers should be granted within a short timeframe after the waiver has been requested. BPAP believes BPAT can and should help customers avoid inadvertent errors by informing them in advance of potential mistakes in their schedules, including whether the schedules exceed transmission reservations.
- 3. Incremental Rate:** BPAP supports BPAT's proposal on the Incremental Rate.
- 4. Attachment M to OATT:** BPAP supports BPAT's proposed Attachment M.
- 5. Conditional Firm:** BPAP supports BPAT's proposal on Conditional Firm.
- 6. Billing Factor for Operating Reserves:** BPAP supports BPAT's proposal on Billing Factor for Operating Reserves.

Additional Issues:

BPAP has additional issues to raise regarding Intentional Deviation and Generation Imbalance. If the Transmission settlement forum is not the appropriate forum in which to discuss intentional deviation, please forward these comments to the appropriate forum.

- 1. Intentional Deviation:** BPAP believes the Intentional Deviation provision and definition within the Generation Imbalance rate needs to be changed to minimize the duration and impact of Intentional Deviations. The details of the change will need discussion.

In addition, BPAP believes negative index prices need to be addressed in the Intentional Deviation provision. The charge for Intentional Deviations that are negative deviations (actual generation greater than schedules) needs to be increased to at least some minimum charge. BPAP suggests the Intentional Deviation section of the Generation Imbalance rate (p. 61 of BPAT's Rate Schedule) be changed as follows:

“Intentional Deviation

No credit is given for negative deviations (actual generation greater than schedules) for any hour(s) that the imbalance is an Intentional Deviation (as determined by BPA-TS). If the index price is negative during the Intentional Deviation, the party shall pay BPA-TS based on the negative index price.”

BPAT's business practices, and possibly other internal documents, will need to be updated to reflect such changes.

- 2. Generation Imbalance Pricing During Spill Conditions:** Negative index prices need to be addressed in the spill provision of the Generation Imbalance rate. We suggest the Spill Condition section of BPAT's Generation Imbalance Service rate (p. 61 of BPAT's Rate Schedule) be changed as follows:

“Spill Conditions

For any day that the Federal System is in a Spill Condition, no credit is given for negative deviations (actual generation greater than schedules) for any hour of that day. If the index price is negative during the negative deviation, the party shall pay BPA-TS based on the negative index price.”

BPAP believes that this sends a signal that may encourage generators to generate as close to their schedule as possible, and/or to adjust their schedule to closely match actual generation. BPAT's business practices, and possibly other internal documents, will need to be updated to reflect such changes.