



September 7, 2018

To: Bonneville Power Administration
U.S. Department of Energy
Delivered Via Email at techforum@bpa.gov

RE: Comments of Renewable Northwest on the BP-20 Scheduling, System Control, and Dispatch White Papers and Rate Design Alternatives

Renewable Northwest thanks Bonneville Power Administration (“BPA”) Staff for this opportunity to comment. These comments build upon our previously submitted comments and respond to BPA Staff’s request for feedback in the August 22, 2018 BP-20 workshop. These comments address 1) BPA Staff’s August 22, 2018 Scheduling, System Control, and Dispatch (“SCD”) White Paper¹ (the “Original White Paper”) and its August 31, 2018 Updated SCD White Paper² (the “Updated White Paper”). These comments also address the SCD rate design alternatives under consideration.

I. Feedback on BPA Staff’s SCD White Papers

Renewable Northwest thanks BPA Staff for producing the Original and Updated White Papers because they provide useful information about SCD rate design questions explored throughout BP-20 workshops and summarize various SCD rate design alternatives along with their pros and cons. Renewable Northwest provides the following comments and questions to improve future iterations of the SCD White Paper as well as customer understanding of this issue. If BPA Staff does not plan to produce a future version of the SCD White Paper, we respectfully request that BPA Staff address our comments and questions below in writing as part of the workshop process.

¹ Bonneville Power Administration, *White Paper - Scheduling, System Control and Dispatch Rate Design Alternatives* (Aug. 22, 2018) [hereinafter *Original White Paper*] available at https://www.bpa.gov/Finance/RateCases/BP-20/Meetings/RateCase/SCD_WhitePaper_BP20.pdf.

² Bonneville Power Administration, *White Paper - Scheduling, System Control and Dispatch Rate Design Alternatives - Updated* (Aug. 31, 2018) [hereinafter *Updated White Paper*] available at https://www.bpa.gov/Finance/RateCases/BP-20/Meetings/RateCase/SCD_WhitePaper_BP20_v2.pdf.

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WashPIRG
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A. Additional information on the Control and Dispatch functions of SCD would improve the White Paper.

Renewable Northwest encourages BPA Staff to provide customers and stakeholders additional information about the Control and Dispatch functions of SCD. For example, the Original and Updated White Papers state that SCD service is required to schedule power “through, out of, within, or into a Control Area . . . [and that] . . . this service can be provided only by the operator of the Control Area.”³ However, it is not clear to Renewable Northwest whether this statement is entirely accurate for the Control and Dispatch functions. We understand that these portions of the service can be provided by a source Control Area delivering energy into, or through, BPA’s Control Area. Therefore, we encourage BPA Staff to provide greater clarity on this point in a future iteration of the White Paper.

Renewable Northwest also encourages BPA Staff to break down the information on SCD investments, currently included in Table 1, by the Scheduling, Control, and Dispatch functions. Understanding SCD Investments at this level of detail would help customers and stakeholders better evaluate SCD rate design alternatives.

B. Additional context for the “Industry Scan” findings on transmission providers with multiple segments would improve the White Paper

Renewable Northwest questions the usefulness of the findings on transmission providers with multiple segments included in the *Industry Scan* section (Table 4 in the Original White Paper and Table 5 in the Updated White Paper). Including the Colstrip examples in these findings likely skews them because the Colstrip examples are governed by unique legacy contracts. As a result, these findings do not appear to be appropriately instructive for determining BPA’s tariff and rates, especially for any efforts to align the tariff with with *pro forma* where applicable. Renewable Northwest encourages BPA Staff to consider the value of these findings without the Colstrip examples and, in future iterations of the White Paper, either remove the Colstrip examples or explicitly identify the limitations associated with inclusion of Colstrip examples.

Similarly, it is unclear in the Original and Updated White Papers whether the listed examples of other transmission providers with segmented SCD rates have a similar volume of third-party users of those same transmission segments as BPA. We encourage BPA Staff to include information on the volume of use of those transmission segments in order to properly contextualize its findings.

³ Original *White Paper* at 1; Updated *White Paper* at 1.

C. Information on the unique characteristics of the Eastern Intertie would Improve the White Paper

Consistent with the comments above, Renewable Northwest encourages BPA Staff to improve future iterations of the White Paper by identifying the unique characteristics of the Eastern Intertie. We understand that this segment of BPA's transmission system is located within Northwestern's Control Area which suggests that Northwestern is providing the Control and Dispatch functions, at least for power flowing east to west. We encourage BPA Staff to identify the unique issues related to the SCD rate as it applies to the Eastern Intertie in order to make the White Paper more useful to customers as they evaluate the different alternative rate designs under consideration.

D. The SCD White Paper Should More Accurately Characterize Initial Customer Reactions

Never afraid to stand alone, Renewable Northwest disagrees with the "initial customer reactions" section characterization that "initial feedback from customers was largely negative . . . [and that] . . . only Renewable NW expressed interest in exploring a rate design change in BP-20."⁴ At workshops, many customers expressed an interest in receiving more information about the subject, indicating an interest in exploring the topic further.

E. Inclusion of BPA Staff's rationale for finding an alternative consistent with BPA rate principles would improve the White Paper

Renewable Northwest encourages BPA Staff to outline its rationale for determining whether an alternative SCD rate design complies with a particular rate principle. For example, while we thank BPA Staff for expressly acknowledging in the Updated White Paper that Alternatives 1 and 2 are consistent with the principle of cost causation,⁵ we would like to better understand the rationale. BPA Staff has acknowledged in workshops that individual schedules are not submitted for each segment of BPA transmission. Hence, by eliminating the pancaking of SCD charges, Alternatives 1 and 2 would be consistent with the principle of cost causation. This is important because it provides context around the "cost shifts" identified as "cons" for Alternatives 1 and 2. Sometimes cost shifts are necessary to better align existing rates with established ratemaking principles.

Similarly, the evaluation of Alternative 2 should recognize the benefit of better aligning the rate determinant ("schedules" for PTP) with the use of the Scheduling function, thereby better aligning the SCD rate with cost causation principles. Customers and stakeholders would benefit from knowing whether this benefit factored into BPA Staff's determination that Alternative 2 is consistent with cost causation.

⁴ Updated *White Paper* at 5.

⁵ *Id.* at 11.

Finally, Renewable Northwest encourages BPA Staff to explain why it considers the Status Quo consistent with the principle of cost causation. The Updated White Paper's "Evaluation of Alternatives Based on Rate Principles" lists Status Quo as consistent with cost causation.⁶ However, the Updated White Paper also lists the Status Quo's failure to eliminate the "pancaking" of SCD charges as a con of this SCD rate alternative. As outlined above, a rate methodology that leads to pancaking of SCD charges appears inconsistent with cost causation. Hence, Renewable Northwest recommends that in future iterations of the White Paper BPA Staff either identify Status Quo as inconsistent with cost causation or explain why it considers Status Quo consistent with this principle.

F. Identifying solutions to perceived cons would improve the White Paper.

Renewable Northwest encourages BPA Staff to improve the White Paper by, where possible, identifying potential solutions to perceived cons. For example, the White Paper identifies as a con Alternative 1 the potential for free-riders. However, the White Paper does not identify potential solutions that stakeholders have offered in workshops, like charging a customer once for the highest use of any segment.

II. SCD Rate Design

After reviewing the SCD white paper, Renewable Northwest can only support Alternatives 1 or 2. Alternative 2 aligns best with cost causation as it depancakes the rate and better aligns the rate determinant with usage of the Scheduling function. Renewable Northwest recognizes the additional implementation hurdles for Alternative 2 and would consider Alternative 1 as a potential reasonable compromise. There is no basis for pancaking any portions of the SCD rate onto the Eastern Inertia for east-west flows.

⁶ *Id.*