

May 4, 2018

Via Email (techforum@bpa.gov)

U.S. Department of Energy
Bonneville Power Administration

Re: Comments of Avangrid Renewables, LLC and Idaho Power Company on the Proposed BP-20 Schedule and Ancillary and Control Area Services Proposal

In the April 24, 2018 BP-20 Rate Case Kickoff for Power and Transmission Presentation,¹ the Bonneville Power Administration (“BPA”) has set out a series of proposed workshop dates² and the proposed BP-20 7(i) proceeding schedule.³ BPA has asked for feedback regarding the topics included in the workshops and the viability of the proposed workshops and proceeding dates.⁴ Subsequently, BPA held its first BP-20 Workshop on the topic of Ancillary and Control Area Services (“ACS Meeting”), including providing an associated presentation (“ACS Presentation”).⁵ During this BP-20 Workshop, BPA encouraged parties to let BPA know if there were any questions regarding the proposal as laid out, and to provide feedback on the proposal. Avangrid Renewables, LLC (“Avangrid Renewables”) and Idaho Power Company (“Commenting Parties”) respectfully submit the following comments.

I. BPA’s Proposed BP-20 Workshop and 7(i) Schedule Dates

The Commenting Parties recommend changing the date of the May 16th workshop on Transmission Rates. May 16 is the date of the Northwest power and transmission focused “2nd Annual Northwest Power Markets: Mapping the Road Ahead” conference that is being held in Seattle, Washington. Many rate case parties, including Avangrid Renewables, will be in attendance. The Transmission Rates workshop is

¹ Bonneville Power Admin., BP-20 Rate Case Kickoff for Power and Transmission Presentation (Apr. 24, 2018), *available at* https://www.bpa.gov/Finance/RateCases/BP-20/Meetings/RateCase/2018.04.24_BP20_RateCaseKickoff.pdf (the “BP-20 Presentation”) (last visited Apr. 30, 2018).

² *Id.* at 8-10.

³ *Id.* at 11.

⁴ *Id.* at 12.

⁵ Bonneville Power Admin., Ancillary and Control Area Services (ACS) Practices Workshop (Apr. 24, 2018), *available at* <https://www.bpa.gov/Finance/RateCases/BP-20/Meetings/Balancing%20Reserves/Ancillary%20Service%20Workshop%2042418%20V2.pdf> (last visited Apr. 30, 2018).

important to many of BPA's customers and should be held at a time that encourages maximum participation.

The Commenting Parties also note that BPA's Leverage Policy is not included as a topic in a workshop. While BPA has been working to establish the Leverage Policy framework in separate proceedings, BPA has explained that the Leverage Policy "will be implemented each rate period."⁶ To the extent that Leverage Policy decisions will be made in the BP-20 rate case, the Commenting Parties feel it would be beneficial to have a workshop that covers this topic and recommend that BPA integrate such a workshop into the proposed schedule.

The Commenting Parties do not have any proposed changes to the 7(i) proceeding schedule, other than to note that while BPA provides a date for the clarification of BPA's direct case,⁷ BPA has not included a proposed date for clarification of the parties' direct or rebuttal cases. The Commenting Parties recommend incorporating these procedural dates into the final schedule.

II. BPA's Proposed Scheduling Elections Options

In the ACS Presentation, BPA notes that it will be removing the Customer Supplied Generation Imbalance ("CSGI") scheduling election.⁸ In the meeting, BPA explained the reasoning for this is that, at the current moment, none of BPA's customers have expressed an interest in participating in the CSGI program. The Commenting Parties recommend that, even if BPA removes the CSGI rate, it retain the CSGI business practice to continue to provide innovative options for customers to choose to self-supply balancing services in the future. BPA, in conjunction with customers, put a great deal of effort into the CSGI program and it may provide a useful framework for BPA's customers or projects going forward.

III. BPA's Proposal to Move the Substance of the Acquisition of Balancing Reserves to a Business Practice

BPA states that the methodology for determining the amount of capacity for the Balancing Reserves that BPA will supply will be moved from the rate case proceedings to a business practice.⁹ Generally, the Commenting Parties do not support moving key determinations that could impact transmission rates out of the rate case proceedings to a separate business practice.

⁶ Bonneville Power Admin., Draft Leverage Policy (Apr. 20, 2018), *available at* <https://www.bpa.gov/Finance/FinancialPublicProcesses/Financial-Reserves-Leverage/frpdocs/Leverage%20policy%20draft%204.20.2018.pdf> (last visited Apr. 30, 2018).

⁷ BP-20 Presentation at 11.

⁸ *Id.* at 4.

⁹ *Id.* at 5.

In the instant case, the rates for balancing reserves are dependent on the amount of balancing reserve capacity that is held for providing the service. While it is appropriate for a business practice to contain tariff implementation details such as instructions, guidelines, and examples which guide internal operations, the information contained in business practice manuals should not by itself “significantly affect any rates, terms or conditions.”¹⁰ Due to the rate impact of the balancing service capacity determination, the manner of the determination should not be housed in a business practice. Rather, BPA should follow the industry standard by including “those practices that affect rates and service significantly, that are realistically susceptible of specification, and that are not so generally understood in any contractual arrangement as to render recitation superfluous” into the BPA Tariff.¹¹ Would BPA consider including the methodology for determining the amount of capacity for the Balancing Reserves in the TC-20 terms and conditions proceeding to update the BPA tariff?

To the extent that BPA’s methodology for determining the amount of capacity for the Balancing Reserves that BPA will supply may change over time, and that BPA seeks to avoid making changes to its tariff in the future, BPA may prefer to continue to provide for this determination in the rate case context. BPA has previously asserted that “the rate process is an appropriate mechanism for identifying and responding to customer concerns” regarding the determination of the amount of capacity for the Balancing Reserves that BPA will supply during a rate period.¹² BPA explained that “[d]uring the rate case, customers present testimony and evidence regarding the issues, in this case the total amount of reserve capacity they believe Bonneville should plan to make available. Bonneville must make a decision based on the rate case record, which must be supported by substantial evidence.”¹³ BPA further stated that, “because the planned capacity amount is set only for the upcoming rate period (generally a two-year period), the amount will be revisited and revised as appropriate each rate case.”¹⁴ BPA asserted that this proposal is superior to the Federal Energy Regulatory Commission’s *pro forma* standard because “Bonneville will establish the total planned amount in a rate process in which all customers (and other members of the public) may participate and in which they have significant procedural rights.”¹⁵

¹⁰ See e.g., *Cal. Indep. Sys. Operator Corp.*, 116 FERC ¶ 61,274, at P 1358 (2006), *order on reh'g*, 119 FERC ¶ 61,076, *order on reh'g*, 120 FERC ¶ 61,271 (2007).

¹¹ See e.g., *KeySpan Ravenswood v. FERC*, 474 F.3d 804, 811 (D.C. Cir. 2007) (citing *City of Cleveland v. FERC*, 773 F.2d 1368, 1376 (D.C. Cir. 1985)).

¹² *Bonneville Power Admin.*, FERC Docket No. NJ12-3, “Petition for Declaratory Order Granting Reciprocity Approval and Exception from Filing Fee” at 28 (Mar. 29, 2012). To place the determination into the rate process, BPA had proposed to add a schedule into its tariff that would set the total planned amount of capacity reserves as being within the rate setting process. *Id.* at 27.

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Id.* at 29.

Would BPA consider continuing to include the methodology for determining the amount of capacity for the Balancing Reserves in the rate proceeding? Can BPA clarify what has changed about the determination of the amount of capacity for the Balancing Reserves that BPA will supply during a rate period that make it no longer appropriate to include in the rate case process?¹⁶

The Commenting Parties appreciate the opportunity to submit feedback to BPA regarding the proposals and to ask clarifying questions. By return e-mail, please confirm BPA's receipt of these comments and questions.

¹⁶ It should be noted that while the Federal Energy Regulatory Commission denied BPA's reciprocity petition as it related to balancing reserves, it was because of BPA's proposal to limit balancing reserves to a pre-determined amount and not because inclusion in the tariff was the incorrect place to provide for the terms and conditions of service. See *Bonneville Power Admin.*, 145 FERC ¶ 61,150 at PP 54-55 (2013). To the extent that the Commission had concerns about BPA identifying the quantity of its reserves capacity in a rate proceeding, these concerns would only be exacerbated by placing the determination in a business practice context.