

August 1, 2018

Via Email (techforum@bpa.gov)

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

Re: Comments of PacifiCorp on the Draft Balancing Reserve Capacity Business Practice Language Proposed at the July 18, 2018 ACS Practices Workshop

PacifiCorp provides these comments on BPA’s draft Balancing Reserve Capacity Business Practice language proposed in the July 18 ACS Workshop Presentation.¹ In that presentation, BPA proposed the following language to be placed in Section C.2 of BPA’s Balancing Reserve Capacity Business Practice:

Any material changes to the service defined in this Business Practice, that would result in an impact to rates, will not take effect until the start of the next rate period, unless needed to comply with NERC or WECC requirements.²

BPA should not adopt the above proposed language for several reasons. First, this language would allow BPA to substantively change its balancing reserve capacity service so long as the “impacts” of such changes are not reflected in rates until the next rate period. Under this approach, however, BPA could charge the same rate for this service but reduce its balancing reserve capacity from the current 99.7 percent planning standard—effectively charging customers the same rate as before but providing a lower quality service. Second, BPA has not explained what would constitute a “material change” to this service, leaving open the possibility of BPA imposing changes, but with little recourse for customers if such changes are deemed by BPA to be “non-material.”

Finally, and more fundamentally, this proposed language should not be adopted because the level of balancing reserve capacity held on a planning basis is a fundamental term and condition of transmission service and should not be established—or modified—through a business practice. Although 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.”³ Due to the rate impact of the balancing service capacity determination, the manner

¹ Bonneville Power Admin., *Ancillary and Control Area Services (ACS) Practices Workshop* (July 18, 2018), available at https://www.bpa.gov/Finance/RateCases/BP-20/Meetings/RateCase/2018.07.18_ACS-Practices-Wrkshp.pdf (the “July 18 ACS Workshop Presentation”).

² July 18 Workshop ACS Presentation at 9.

³ 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).

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.⁴ PacifiCorp and various other BPA customers have consistently raised this concern with BPA.⁵

PacifiCorp recognizes that BPA seeks comment on a proposed business practice development process presented in the July 23, 2018 TC-20 meeting,⁶ and anticipates responding with feedback by the August 6 deadline. Nonetheless, PacifiCorp submits these separate comments to reiterate its continued concerns regarding BPA’s apparently increasing use of business practices to modify fundamental terms and conditions of transmission service.

In sum, BPA’s commitment to “offer more standardized products and services by better aligning BPA’s Open Access Transmission Tariff with pro forma and industry best practices,”⁷ is a commendable goal. To that end, PacifiCorp encourages BPA to conform to the industry’s best practice in this regard: refraining from using business practices to “significantly affect any rates, terms or conditions” of service.

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.

⁴ 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)).

⁵ See, e.g., ACS Practices—Comments of Avangrid Renewables LLC, Idaho Power Company, PacifiCorp, and Puget Sound Energy, Inc. on the BP-20 Balancing Reserve Capacity Planning c Proposal, dated June 28, 2018, available at <https://www.bpa.gov/Finance/RateCases/BP-20/Comments/2018.06.28/Avangrid,%20Idaho%20Power,%20PacifiCorp,%20and%20PSE%20Comments%20re%20ACS%20Practices.pdf>; TC-20 Comments of Avangrid Renewables, LLC, Avista Corporation, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. on the June 26, 2018 TC-20 Tariff Proposals, dated July 18, 2018, available at <https://www.bpa.gov/Finance/RateCases/BP-20/Meetings/TC-20%20Comments/071818%20Comments/avangrid-pac-pge-pse-comments-071818.pdf>; see also *Comments of Avangrid Renewables, LLC and Idaho Power Company on the Proposed BP-20 Schedule and Ancillary and Control Area Services Proposal*, May 4, 2018, available at <https://www.bpa.gov/Finance/RateCases/BP-20/Comments/2018.05.04/Avangrid%20Renewables%20and%20Idaho%20Power%20BP-20%20Kick-Off%20Comments.pdf>.

⁶ Bonneville Power Administration, July 23, 2018 TC-20 Workshop Presentation, available at <https://www.bpa.gov/Finance/RateCases/BP-20/Meetings/Tariff-Proceeding/July%202023,%202018/TC-20%20Customer%20Workshop%20Presentation%20for%20July%202023%202018.pdf>.

⁷ Bonneville Power Administration, *BPA Strategic Plan 2018-2023*, 50 (Jan. 2018), available at <https://www.bpa.gov/StrategicPlan/StrategicPlan/2018-Strategic-Plan.pdf>.