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Renewable Northwest

June 28, 2018

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

RE: BP-20 and TC-20 Comments

These comments build upon Renewable Northwest's May 4, 2018, comments and respond to BPA Staff's request for feedback in the BP-20 and TC-20 workshops by June 28 and July 11.

Scheduling, Control and Dispatch Comments:

Renewable Northwest is encouraged by BPA's examination of the current approach to recovering the costs associated with providing Scheduling, System Control, and Dispatch Service (SCD).

Currently, BPA recovers these costs based on a customer's Reserved Capacity over each transmission segment (Network, EI, and SI). Renewable Northwest is concerned that the current approach is not directly tied to a customer's use of SCD services and, as such, is inconsistent with cost causation principles.

Customers that are scheduling a single transaction across two or more of BPA's transmission segments only utilize BPA's SCD services once, not twice, or three times. Yet, the current SCD rate design would charge such a customer the SCD rate for each BPA segment their transaction crosses. For generation originating in eastern Montana and sinking in California, a PTP customer would pay $0.322/KW-mo * 3 segments = $0.966/KW-mo. Such a charge would effectively amount to an additional transmission service wheel and, more importantly, would not be proportional to this customer's single utilization of BPA's SCD services.

The current SCD rate structure is also disproportionately burdensome for lower capacity factor resources such as wind and solar energy. These resources are currently charged the SCD rate based on their maximum Reserved Capacity but are sometimes not generating or scheduling any energy and therefore have zero use of BPA's SCD services during these periods.

The current SCD rate design is also increasingly disconnected from the expanding participation in the Western Energy Imbalance Market (EIM). BPA transmission customers that allow their surplus reserved BPA transmission capacity to be utilized by the EIM are being charged for BPA's SCD services (based on the

reservation) even when some of the energy flowing under their capacity reservation is actually scheduled and dispatched by the EIM market operator, not by BPA.

All of these factors and changing market conditions amount to a situation where the current SCD rate design is inconsistent with BPA's Strategic Plan. As increasing amounts of variable energy are added to the grid, and as BPA moves into balancing and shaping markets, the ability to efficiently transfer zero cost energy across BPA's system, and to and from BPA's neighbors, is increasingly important to BPA's financial success.

Additionally, Renewable Northwest's understanding is that BPA's current approach to recovering the costs associated with SCD is also not consistent in with industry standards.

Renewable Northwest is currently reviewing alternative rate design options with our members and reserves judgment on any new SCD rate designs until we have more information. For all of the reasons cited above, we consider the status quo unsustainable and appreciate that there are ways to address the current rate design's deficiencies without causing significant cost shifts to any customer group.

Generation Inputs Quality of Service Comments:

Renewable Northwest continues to support inclusion of the Generation Inputs quality of service definition in BPA's tariff (preferably) or in the rate schedule. The quality of service is the single most fundamental component of the "terms and conditions" of VERBS and appropriately belongs in the tariff language, not a business practice.

At the June 14 ACS Workshop, BPA proposed qualifying language to address customers' concerns about putting the quality of service definition in a business practice, as opposed to BPA's tariff or rate schedule. While Renewable Northwest appreciates this effort, it is insufficient to address our concerns in this area for the following reasons: 1) The term "material changes" would need to be defined; 2) We would want to have a better understanding of BPA's new procedural concepts for changing business practices before we could determine whether they would satisfy our process concerns. As far as we are aware this concept has only been verbally mentioned by BPA staff thus far; and 3) As written in the slide deck for the June 14 workshop, BPA's proposed qualifying language reads as if it would be in the business practice. Consistent with our overarching concern outlined in these comments, Renewable Northwest's position is that this qualifying language would be better placed in the tariff language that references to a business practice containing more detail about the quality of service.

At the June 28 TC-20 Workshop, BPA proposed to add the words "pursuant to Schedule 10" to the "must offer" and "physically feasible" language of Schedule 9. Renewable Northwest is still considering this language but we think it is reasonable to make the connection between Schedules 9 and 10 in the tariff. However, this proposal does not change the need to include the quality of service standard (99.7%) in the tariff, as this is an important component of BPA's approach to defining what is physically feasible.

We also share the concern that various stakeholders expressed at this same meeting regarding the distinction between what is physically feasible on a forecast basis and what is physically feasible on a real time basis. We would not want the tariff language to preclude BPA's ability to dispatch additional imbalance reserves in real time. This seems especially important as we consider BPA moving into the EIM and generating additional revenues from increased dispatch of imbalance reserves into this market. Adding language to Schedule 9 that clarifies that BPA must offer "at

least" the amount of balancing reserve capacity forecast in Schedule 10 may be one way to address this concern.

The current redline of BPA's tariff shows the portion of Schedule 9 that delineates the deviation bands and percent of market payment structure for imbalance service as deleted. Renewable Northwest requests that BPA clarify at its next workshop why this language is being removed and if it will remain in the rate schedule or be moved to a business practice.

Comments on Accommodating Renewables Coupled with Storage:

The current tariff and rate documents assume that all wind and solar projects (outside of CSGI or self-supply) have similar uses of BPA balancing reserves, respectively within each technology and scheduling election. As renewables coupled with storage, especially solar, increasingly becomes a viable and competitive technology, Renewable Northwest encourages BPA to consider modifying its tariff and rates language to recognize that not all solar and wind projects in the future will necessarily have the same consumption of BPA's balancing reserves.

A strict reading of the current tariff and rates language suggests that any solar or wind project must be charged VERBS service similarly, on a KW-month and installed capacity basis, regardless of whether or not it is coupled with a storage device that could be used to decrease the consumption of BPA's balancing reserves.

At the highest level, Renewable Northwest encourages BPA to consider language that would allow for these types of coupled technologies to be charged for balancing reserves in a manner that better reflects their actual use of balancing reserves. The current self-supply language could apply to a solar project that can absorb all of its variability with a coupled storage device and commit to generating to "flat" schedules. However, projects that can smooth out only the regulation and following components will likely require a rate that is more similar to the current CSGI structure. It is also possible that the DERBS rate design would be a better fit for such coupled technologies. Renewable Northwest is open to considering different approaches to addressing this concern but we think that this rate case is the time to address this issue because solar coupled with storage projects are making significant strides in the market place and may not be clearly identified as coupled technologies in the BPA Generation Interconnection Queues.

Customer Supplied Generation Imbalance Service Comments:

Similar to our comments on renewables coupled with storage above, Renewable Northwest encourages BPA to maintain high-level language in its tariff or rate schedule that would retain the possibility, and outline the necessary steps, to implement a CSGI type of service without having to open a new rate case or tariff process. The common theme between this CSGI issue and the storage coupled with renewables question above is that there are benefits to establishing some within-rate period flexibility to accommodate new technologies or unique approaches to procuring balancing reserves that arise during a rate period and may be in both BPA's and customers' interest.

Generation Interconnection Reform Comments:

Renewable Northwest appreciates BPA's consideration of its interconnection policies as a part of this fist TC-20 process. We understand that redlines of the proposed changes will be available at the July 23 customer workshop. Consequently, we will file additional comments once we have analyzed those redlines.

Renewable Northwest anticipates increased interconnection of renewable energy projects to BPA's transmission system to meet utility energy and regulatory requirements, We appreciate all of the work of BPA interconnection team to get projects interconnected in an efficient and timely manner and look forward to discussing these important tariff changes in the near future.

Thank you for the opportunity to comment.

Sincerely,

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