

**COMMENTS OF THE WESTERN PUBLIC AGENCIES GROUP  
REGARDING BPA'S DRAFT BALANCING RESERVE CAPACITY BUSINESS  
PRACTICE**

Submitted: May 4, 2018

The utilities that comprise the Western Public Agencies Group (“WPAG”) appreciate the opportunity to submit these comments regarding the Bonneville Power Administration’s (“BPA”) draft Balancing Reserve Capacity Business Practice dated April 24, 2018 (the “Draft Business Practice”). The Draft Business Practice states that “BPA will use reasonable efforts to supply sufficient Balancing Reserve capacity to cover a 99.7 percent planning standard of balancing error events.” As discussed below, there is a potential conflict between BPA’s proposal to use a 99.7 percent planning standard and the proposed Schedule 9 in the draft Open Access Transmission Tariff (“Draft Tariff”) BPA recently released as part of the TC-20 workshop process.

Under Schedule 9 of the Draft Tariff, BPA would promise to provide Generation Imbalance Service “to the extent it is physically feasible to do so from its resources or from resources available to it, when transmission service is used to deliver energy from a generator located within its Control Area.” This raises the question of whether it would be physically feasible for BPA to provide Generation Imbalance Service from either its own resources or from resources available to it to meet a planning standard above the 99.7 percent planning standard proposed under the Draft Business Practice. If the answer is or ever becomes yes, then arguably BPA would be in violation of Schedule 9 of the Draft Tariff if it were to establish a reserve requirement below what it is physically feasible for BPA to achieve, even if such reserve requirement met the 99.7 percent planning standard under the Draft Business Practice.

This potential conflict carries over into Schedule 10 of the Draft Tariff in that Schedule 10 simultaneously obligates BPA to ensure the capacity is available to provide energy for service under Schedule 9 (i.e., to the extent physically feasible) while also stating that BPA will establish the quantity of balancing reserve capacity based on BPA’s Balancing Reserve business practice (i.e., to the extent necessary to meet a 99.7 percent planning standard).

Our understanding is that BPA proposes to use a 99.7 percent planning standard under the Draft Business Practice chiefly because a higher standard would cause the VERBS and DERBS rates to become uneconomical. In the past, the Federal Energy Regulatory Commission (“FERC”) has found similar proposals by BPA to limit the amount of capacity BPA holds for balancing reserves based on economic considerations to be inconsistent with the *pro forma* Schedule 9’s physically feasible requirement.<sup>1</sup> For this, and the other reasons identified above, we recommend that BPA review its proposals for both Schedules 9 and 10 under the Draft Tariff and the planning standard under the Draft Business Practice to ensure they are consistent and do not leave BPA vulnerable to claims that it violated its tariff by not providing balancing reserves to the extent physically feasible even though it complied with its business practice.

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<sup>1</sup> *Bonneville Power Admin.*, 145 FERC P 61,150, ¶¶ 54-56 (2013).