

# Hourly Firm

Pre-Decisional. For Discussion Purposes Only.

# What is the *pro forma*?

FERC *pro forma* tariff does not include Hourly Firm in its service specification as outlined in Section 13.

# What did we hear?

- Some customers commented that BPA should analyze and assess alternatives to our current practice of offering unlimited quantities of our Hourly Firm product.
- Some customers commented that BPA has taken the position that Hourly Firm is superior to *pro forma*.
  - BPA would like to clarify its position that Hourly firm is not superior to *pro forma*.
- Some customers commented that BPA should replace Hourly Firm with Shaped Daily or Limit Hourly Firm – Recommendations of alternatives to hourly firm from several customers.
- Some customers commented that BPA said that nearly all customer support the inclusion of Hourly Firm in the BPA tariff.
  - BPA would like to clarify that it heard from several customers that they recommend eliminating the Hourly Firm product as an alternative to Status Quo.

# Hourly Firm Alternatives

Providing Unlimited Hourly Firm is not an option being considered moving forward.

Alternative*	Rationale for analyzing the alternative
Remove Hourly Firm	<ul style="list-style-type: none"> <li>• Only alternative that is <i>pro forma</i>.</li> <li>• Recommendation from the Utilicast assessment of BPA practices vs. industry standards and PFGA project.</li> <li>• Operational and planning concerns with product performance</li> </ul>
Replace Hourly Firm w/ Shaped Daily	<ul style="list-style-type: none"> <li>• Provides a daily product that maintains some of the flexibility of BPA’s current hourly firm offering.</li> </ul>
Limit Hourly Firm	<ul style="list-style-type: none"> <li>• Maintains the product and adds an ATC limitation on sales and redirects.</li> <li>• Maintains some of the flexibility of BPA’s current hourly firm offering.</li> </ul>

\*Note: Alternatives apply to both the BPA network and interties.

# What are we proposing?

- BPA proposes removing the Hourly Firm product from our product portfolio on the BPA network and interties.

# Hourly Firm decision criteria used to evaluate alternatives

<b>BPA Priority</b>	<b>Decision Criteria</b>
<b>High</b>	Supports reliable system operations Satisfies statutory and legal obligations
<b>Med</b>	Maintains FERC curtailment priority intent Does not negatively impact financial health
<b>Low</b>	Flexibility to serve regional load at least cost Supports BPA's participation in markets Increases customer participation in planning

Note: Hourly Firm decision criteria shared at the June TC-20 Customer Workshop.

# Why are we proposing this position?

BPA believes that removing Hourly Firm;

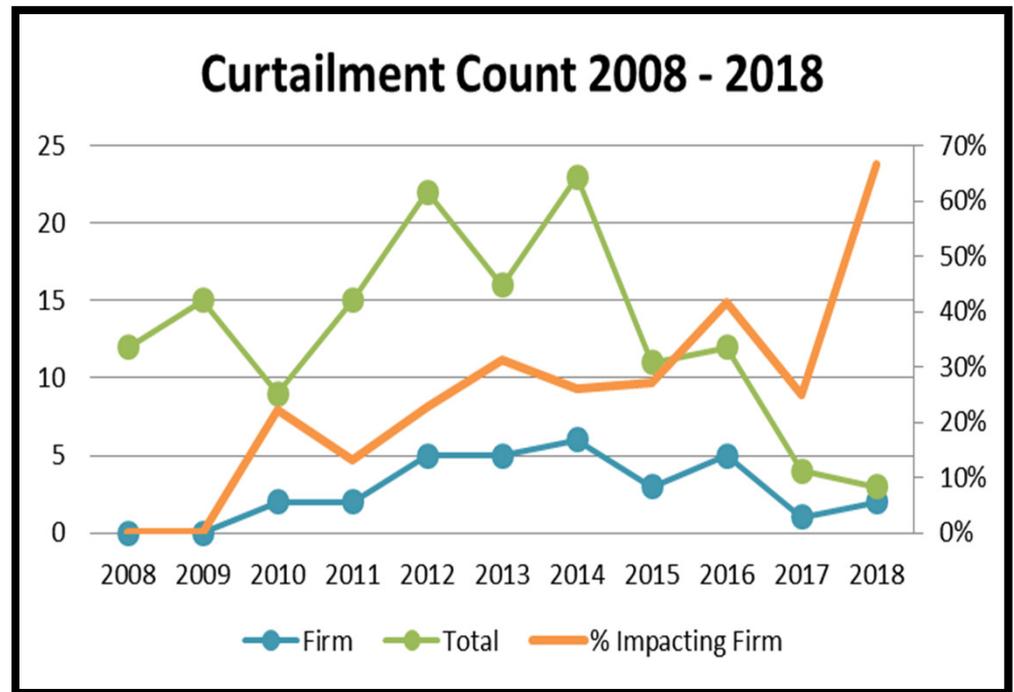
- Best supports BPA's strategic direction;
- Best supports the Transmission Business Model;
- Best reduces conflict among the products within BPA's product portfolio;
- Provides the most appropriate product differentiation; and
- Promotes better planning by more closely aligning reservations and expected usage patterns and incenting customers to secure transmission further in advance.

# Alignment with the BPA 2018-2023 Strategic Plan and Transmission Business Model

- Although BPA is not required to adopt FERC's *pro forma* tariff, we believe that there is value (and in fact is a critical step to achieving this strategic vision) in adopting the FERC *pro forma* tariff for our transmission services to the extent possible. Through this tariff, we offer open access transmission service that is consistent with industry products, services, and standards.
- 2018-2023 BPA Strategic Plan, Objective 4d: Offer more standardized products and services by better aligning BPA's Open Access Transmission Tariff with *pro forma* and industry best practices
- Transmission Business Model: Transmission will ensure business certainty and stability for our customers by offering our product portfolio and standardized options under a comprehensive open access transmission tariff, modeled to the extent possible after FERC's *pro forma* tariff.

# Reliable System Operations/Curtailment Priority

- The total number of curtailments are decreasing. However, the I-5 no build decision is a leading indicator that we will not be able to build our way out of congestion so the decreasing trend is likely to reverse as system utilization increases.
- The % of curtailments impacting firm and the amount of firm as a % of the total cut in each event has been on the rise since 2009.
- Removal of Hourly Firm from our product portfolio will be the most effective in enabling curtailment priority to function as intended and to provide clear congestion signals (if everyone is firm, no one is firm).



# Financial Impact

- BPA believes that removing Hourly Firm will result in a reduction in the amount of firm service impacted by curtailments, thereby reducing the cost of NT redispatch and administrative activities associated with firm curtailments.
- No material differences in revenue are expected for any of the options.

# Flexibility to serve load at least cost

BPA believes that even with the removal of the Hourly Firm products, customers have products available to them to take advantage of economic opportunities (other ST firm products and non-firm).

# Supports BPA participation in markets

BPA believes that removing Hourly Firm neither helps nor hinders participation in the EIM or other organized markets.

# What are the change impacts?

BPA believes that removing Hourly Firm will result in customers using hourly non-firm or daily or longer products to secure transmission (firm and non-firm).

# Is there a rate case impacts?

Removing Hourly Firm will result in the removal of Hourly Firm from the rate schedule.

# Hourly Firm Transmission Service Tariff Proposal Summary

<p><b>1. What is the <i>pro forma</i>?</b></p>	<p>FERC <i>pro forma</i> tariff does not include Hourly Firm in its service specification outlined in Section 13.</p>
<p><b>2. What did we hear?</b></p>	<p>Analyze and assess alternatives to our current practice of offering unlimited quantities of our Hourly Firm product.</p>
<p><b>3. What are we proposing?</b></p>	<p>Remove the Hourly firm product from BPA’s product portfolio.</p>
<p><b>4. If not proposing <i>pro forma</i>, then which TC-20 tariff principles apply?</b></p>	<p>Removing Hourly firm is <i>pro forma</i>.</p>
<p><b>5. Why are we proposing this position?</b></p>	<p>Removing Hour Firm supports BPA’s strategic direction and the Transmission Business Model, reduces conflict within BPA’s product portfolio, provides the most appropriate product differentiation, and incents customers to secure transmission in advance.</p>
<p><b>6. What are the change impacts?</b></p>	<p>Removing Hourly Firm will result in customers using hourly non-firm or daily or longer products to secure transmission (firm and non-firm).</p>
<p><b>7. Is there a rate case impact?</b></p>	<p>Removing Hourly Firm will result in the removal of Hourly Firm from the rate schedule.</p>