

March 31, 2020

RE: Comments on the March 17, 2020 Workshop

Powerex submits the following comments with respect to the following items discussed at Bonneville's March 17, 2020 TC-22, BP-22 and EIM Phase III Customer Workshop: 1) Transmission Losses, 2) Intertie Studies, and 3) De Minimis Tests.

Transmission Losses

Powerex appreciates the work undertaken and the alternatives presented during the meeting. Powerex reiterates its previous comment that Bonneville's presentation is focused on the challenges associated with in-kind return of losses and does not take into account the benefits that customers may receive from in-kind return. The analysis also continues to focus on the administrative burden of 1.4 FTE to administer in-kind return of losses as being significant, but Powerex reiterates that the small cost of administrating the in-kind losses (including FTE and software) is relatively negligible in the scale of Bonneville's total transmission revenue requirement.

Based on the Alternatives presented at the meeting, Powerex supports Alternative 2 or 3. These alternatives preserve the customer's ability to choose between in-kind and financial loss returns, which is valued by customers. The existing financial loss return rate is prohibitively expensive. Powerex does not believe that Alternative 6 (Financial Only) is a viable option at this point in time and should be removed from consideration for TC-22 because this alternative does not provide customers the choice between in-kind and financial. Further, we are not aware of any customers requesting the removal of in-kind returns and moving to a financial only alternative.

Intertie Studies

Powerex appreciates Bonneville's goal to develop a consistent and repeatable approach to studying requests for long-term firm PTP transmission service involving studies on the Southern Intertie. That said, and as recognized by Bonneville, the Southern Intertie is significantly different from Bonneville's network. Upgrading the Southern Intertie involves a substantial set of complexities, including requiring at the outset a coordinated series of studies with the joint owners and operators of the intertie and owners and operators of adjacent transmission systems. As such, Powerex appreciates the work undertaken by Bonneville regarding this topic and Powerex believes that either Alternative 1 or 2, as presented, ensures requests on the Southern Intertie are not continuously removed from the queue or are able to remain in a study state.

However, Alternative 3 would not be an appropriate remedy and would be more harmful and detrimental to existing customers with requests in the queue. Powerex reiterates that this type of approach for the Southern Intertie could raise several difficulties for Bonneville and its customers.

Those that seek to utilize long-term Southern Intertie capacity as it becomes available (such as through a non-renewal) may have to submit TSRs repeatedly, continually entering and exiting the queue, which would result in inefficiencies and unnecessary administrative burdens for customers and BPA.

***De Minimis* Test**

The application of the *De Minimis* test is a substantial issue for transmission customers, and Powerex respectfully submits these comments in response to the last workshop.

Powerex reiterates, as detailed in our previous comments, that the main concern to customers is the different treatment of the net impact by flowgate of a short-term Firm Redirect compared to the net impact by flowgate of a short-term Firm Original Request, not an exercise to develop *de minimis* test alternatives. Bonneville's present implementation of the *de minimis* tests is inconsistent with BPA's tariff and customers' long-held understanding that the *de minimis* tests described in the ATC reference documents would apply to all requests for transmission service, including original and re-directed requests for transmission service on both the long-term and short-term time horizons. BPA should move quickly to resolve this issue, as detailed in our comments below.

With respect to the material presented at the March 17 workshop, Powerex has the following additional comments. Bonneville presented five decision criteria to be used to evaluate the *de minimis* test alternatives. These five criteria were:

1. Impact on customer access to firm ST service (better, worse, same)
2. Impact on reliability (better, worse, same)
3. Consistent with BPA's statutory, regulatory, and contractual obligations
4. Alignment with pro forma tariff to the extent practical, and
5. Cost of implementation and maintenance

Powerex believes that the proposed decision criteria require modification. The first and primary decision criterion should be to align the *de minimis* policy with Bonneville's Tariff. Bonneville's Tariff is the primary document setting forth the terms and conditions under which customers pay for and Bonneville provides transmission service, and accordingly, any policy on the *de minimis* test should align with Bonneville's tariff.

As Powerex previously explained, Section 22.2 of Bonneville's Open Access Transmission Tariff ("OATT") provides that firm redirects "shall be treated as a new request for service...." This provision is the same as found in the *pro forma* OATT and applies broadly to both long-term and short-term redirects. Powerex believes this tariff provision should guide the development of the *de minimis* policy and help prevent unduly discriminatory or preferential treatment. For instance, by applying

the *de minimis* test to the net impact by flowgate for original short-term firm requests, but not to the net impact by flowgate for redirected short-term firm requests, Bonneville is treating the redirect requests differently and without basis to do so.

Powerex also notes that Bonneville's *de minimis* "objective" is "to ensure the *de minimis* policy aligns with our tariff, business practice, and internal processes and system for both the short-term and long-term markets."¹ As stated above, Powerex agrees that the *de minimis* policy should align with Bonneville's tariff and that this should be the objective. And, to the extent Bonneville has a separate "de minimis policy" document as a reference document to the ATC methodology, it should be set forth as a business practice that is consistent with the tariff and implemented through consistent internal and external processes.

Powerex and other customers have long understood that the *de minimis* tests described in the *De Minimis* Impact Dead-Band for Network Flowgates Methodology document would apply to all requests for transmission service, including original and re-directed requests for transmission service on both the long-term and short-term time horizons. Accordingly, Powerex believes that the impact on customer access to short-term firm service should be retained as a decision criterion.

As it relates to the "impact on reliability," Powerex believes that this should not be an explicit decision criteria. The net impact by flowgate from short-term original requests should be the same as the net impact by flowgate for short-term firm redirects. If both types of requests are within the *de minimis* threshold for each net impact by flowgate, there should be no difference between them as it relates to reliability. The *de minimis* tests set forth specific thresholds below which a request is considered to have a *de minimis* impact. If Bonneville experienced reliability concerns in the future, then the thresholds could be reviewed with customers to address those reliability concerns. But, the thresholds are not at issue presently; instead it is the application of the *de minimis* tests to both original and redirected short-firm requests that is the fundamental issue at hand.

As for the "cost of implementation and maintenance," compliance with Bonneville's OATT should be the primary concern, and this criteria should not be an explicit decision criteria. Bonneville has acknowledged the posted *de minimis* methodology has not been followed in practice across its different products. Bonneville has moved quickly to provide remedy and relief in the past when recognizing errors. The OATT, established business practices, and ATC methodologies need to be followed consistently. The cost of doing so is a business necessity, and costs cannot be the justification for ignoring these foundational documents or used as an excuse to simply modify them for convenience.

Transmission customers have now engaged with Bonneville on the *de minimis* issue for approximately nine months. While Powerex appreciates Bonneville's efforts to date, Bonneville is not adequately providing the prompt action that Powerex believes is required to remedy the ongoing, detrimental impacts to transmission customers or redress the harm that has already incurred. The extended time

¹ March 17, 2020 Workshop Presentation at Slide 101.



period over which Bonneville is exploring resolution of this issue only compounds the harm that customers have experienced since July 2019.

Powerex urges Bonneville to revise its decision criteria consistent with Bonneville's "objective" for the *de minimis* policy and with Powerex's foregoing concerns. Powerex also urges Bonneville to promptly address any software limitations contributing to the issue so that the *de minimis* tests are consistent with the business practice and the OATT.

Sincerely,

Raj Hundal

Market Policy and Practices Manager