

September 14, 2020

**Via email:**

[techforum@bpa.gov](mailto:techforum@bpa.gov)

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

**Re: Comments of Avangrid Renewables, LLC, Avista Corporation, Idaho Power Company, Portland General Electric Company, and Puget Sound Energy, Inc. Regarding TC-22, BP-22 and EIM Phase III August 25 Workshop on Transmission Losses**

Avangrid Renewables, LLC, Avista Corporation, Idaho Power Company, Portland General Electric Company, and Puget Sound Energy, Inc. (“Commenting Parties”) submit the following comments on the BPA TC-22, BP-22 and EIM Phase III August 25 workshop and BPA presentation at that workshop regarding transmission losses.<sup>1</sup>

**1. BPA Should Maintain an In-Kind Loss Return Option and Move Toward a Concurrent (or Near-Concurrent) In-Kind Loss Return Option As Soon As Practicable**

The August 25 Presentation indicates at page 73 that “BPA Staff agrees that BPA should maintain the option to provide in-kind loss returns for the BP-22 rate period.” BPA’s maintenance of the customer option to provide in-kind loss returns is appropriate.<sup>2</sup> The August 25 Presentation states at page 92 that “. . . BPA intends to no longer offer 168-hour delayed return of losses starting in BP-24.” In that regard, BPA should maintain an in-kind loss return option but move toward a concurrent (or near-concurrent) in-kind loss return option as soon as practicable.

**2. BPA Should Not Propose a Capacity Charge for Loss Returns**

The August 25 Presentation also indicates at page 77 that BPA plans to propose what is in effect a capacity charge in connection with loss services--whether in-kind 168-hour delay of loss returns, in-kind concurrent loss returns (if a flat annual loss factor is used<sup>3</sup>), or financial settlement of losses. The August 25 Presentation also states at page 84 that, under financial

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<sup>1</sup> Available at <https://www.bpa.gov/Finance/RateCases/BP-22-Rate-Case/Documents/25Aug20%20-%20Main%20Tariff-Rates-EIM%20Workshop.pdf> (“August 25 Presentation”).

<sup>2</sup> See, e.g. January 8, 2020 Comments of Avista Corporation, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc., Regarding BPA Transmission and EIM Losses and EIM Charge Code Allocation (available at <https://www.bpa.gov/Finance/RateCases/BP-22-Rate-Case/Documents/Comments/Dec%2012%20Workshop/Avista-010820%20comments%20on%20losses%20and%20EIM%20charge%20code%20allocation.pdf>).

<sup>3</sup> See August 25 Presentation at page 81, indicating that BPA’s proposal to calculate the cost of concurrent loss returns is “applicable only if BPA has a single flat annual loss factor”.

settlement of losses, “[t]he energy provided would be charged . . . EIM LAP if in EIM in the hour losses were provided by BPA.” As discussed below, it does not appear that a BPA capacity charge is warranted, and BPA should not propose it in BP-22.

PacifiCorp, Portland General Electric Company (“Portland General”), and Puget Sound Energy, Inc. (“PSE”) are Pacific Northwest IOUs that are CAISO EIM participants. They apply only LAP pricing for financial settlement of losses and do not apply an additional charge for “capacity.” The PSE OATT includes the following in Schedule 12 (Real Power Losses on Washington Area Transmission Facilities):

The Transmission Customer shall compensate the Transmission Provider at a rate equal to the amount of Real Power Losses assessed to such Transmission Customer in a given hour multiplied by the hourly LAP price for the PSE BAA in that hour as established by the MO under section 29.11 (b)(3)(C) of the MO Tariff.<sup>4</sup>

The PacifiCorp OATT includes the following for financial settlement of losses in Schedule 10 (Real Power Losses):

For each hour where the Transmission Provider provides loss service, the Transmission Customer shall compensate the Transmission Provider at a rate equal to the average hourly LAP price for the PACE and PACW BAAs, as established by the MO under Section 29.11(b)(3)(C) of the MO Tariff, multiplied by the energy for such hour based on a Transmission Customer’s metered load actual amounts (for a Transmission Customer taking Network Integration Transmission Service) or actual amounts of power scheduled to be delivered at Point(s) of Delivery (for a Transmission Customer taking Point-to-Point Transmission Service).<sup>5</sup>

The Portland General OATT includes the following in Schedule 11 (Real Power Losses):

The Transmission Customer shall compensate the Transmission Provider at a rate equal to the amount of Real Power Losses assessed to such Transmission Customer in a given hour multiplied by the hourly LAP price for the PGE BAA in that hour as established by the MO under section 29.11 (b)(3)(C) of the MO Tariff. A spreadsheet showing the LAP prices for each hour of the previous month shall be accessible through the MO’s OASIS.<sup>6</sup>

Based on the loss provisions of other, investor-owned EIM participants in the Pacific Northwest, BPA should strongly consider relying on LAP pricing while BPA is in the EIM for pricing financial settlement of losses without an additional capacity charge. Under financial settlement of losses, LAP pricing would arguably compensate BPA as the transmission provider for provision of losses.

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<sup>4</sup> Available at [www.oasis.oati.com/woa/docs/PSEI/PSEIdocs/Current\\_PSE\\_OATT\\_7-12-19.pdf](http://www.oasis.oati.com/woa/docs/PSEI/PSEIdocs/Current_PSE_OATT_7-12-19.pdf) .

<sup>5</sup> Available at [www.oasis.oati.com/woa/docs/PPW/PPWdocs/20200710\\_OATTMASTER.PDF](http://www.oasis.oati.com/woa/docs/PPW/PPWdocs/20200710_OATTMASTER.PDF) .

<sup>6</sup> Available at [www.oasis.oati.com/woa/docs/PGE/PGEdocs/PGE\\_OATT\\_08142020.pdf](http://www.oasis.oati.com/woa/docs/PGE/PGEdocs/PGE_OATT_08142020.pdf) .

It should also be noted that under BPA's proposed approach to capacity pricing for loss service, the capacity charge would apparently be relatively significant only for 168-hour delayed return of losses and BPA intends to no longer offer 168-hour delayed return of losses starting in BP-24. In light of this, BPA should avoid proposing a capacity charge in BP-22, particularly inasmuch as BPA imposition of a capacity charge for loss returns is likely to be a contentious issue.

Even assuming *arguendo* that a BPA capacity charge for 168-hour delayed return of losses were justified (which it is not), it is not clear that any BPA capacity charge can be justified for concurrent (or near-concurrent) return of losses<sup>7</sup> or for financial settlement of losses, particularly in light of the absence of a capacity charge in the OATTs of Pacific Northwest investor-owned utilities that participate in the CAISO EIM and that charge LAP pricing for financial settlement of losses. In short, BPA should strongly consider LAP pricing alone for financial settlement of transmission losses when BPA is in the EIM.

BPA should explore use of shaped loss factors with its stakeholders, particularly insofar as BPA is not proposing a capacity charge for concurrent in-kind return of losses if a shaped loss factor is used.

**3. Any BPA Option to Unilaterally “Waive” or Eliminate a Loss Return (or Payment) Allows BPA to Avoid Costs and Imposes Costs on the Transmission Customers Insofar as It Allows BPA to Avoid the Effects of Negatively Priced Power; BPA Should Provide a Credit or Payment to the Transmission Customers for Such an Option**

BPA should be made whole for providing loss service but should not receive more than its cost of providing that service. Insofar as BPA has an option to unilaterally “waive” or eliminate a loss return (or payment), that option allows BPA to avoid costs and imposes costs on transmission customers insofar as the option allows BPA to avoid the effects of negatively priced power. For example, if BPA has an option to unilaterally eliminate an in-kind return of losses, that allows BPA to have lower costs (and imposes more costs on transmission customers) than an in-kind return regardless of the prevailing price, because the option allows BPA to avoid the effects of negatively priced power with respect to the amount of the losses. BPA should provide a credit or payment to the transmission customers for any such option based on the projected costs avoided by BPA as a result of such option--or, alternatively, any such BPA option should be eliminated.

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Nothing contained in these comments constitutes a waiver or relinquishment of any rights or remedies provided by applicable law or provided under BPA's Tariff or otherwise under contract. Commenting Parties appreciate 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.

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<sup>7</sup> Indeed, BPA as discussed above is not proposing a capacity charge for concurrent return of losses if a shaped loss factor is used.