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To: [Tech Forum](#)
Cc: [Altman,Brian D \(TFE\)\(BPA\) - TSE-TPP-2](#)
Subject: [EXTERNAL] Transmission Losses
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January 7, 2020

Via Email (techforum@bpa.gov)

Bonneville Power Administration
Transmission Services

Re: Transmission Losses, December 12, 2019 Workshop

Shell Energy North America (US), L.P. (Shell Energy) appreciates the opportunity to provide comments and feedback to Bonneville Power Administration's (BPA) December 12, 2019 Transmission Losses presentation.

Like the majority of BPA's customers, Shell Energy chooses to return its energy obligation losses in-kind. However, Shell Energy appreciates that BPA provides several loss energy return options. While Shell Energy prefers the in-kind option to return energy losses, it does not oppose the concept of returning losses on a financial basis and is interested in further discussions of the option. Shell Energy's primary concern with the financial loss proposal is the current pricing. The Intercontinental Exchange (ICE) MIDC daily firm on peak index plus 15 percent is unreasonable. It is unclear as to the need for any adder. The pricing of financial loss returns needs to be market based and transparent.

Capacity Value:

Please explain further how capacity associated with in-kind energy loss returns would not equalize over time given that BPA states that energy values do

equalize over time.

Please provide analysis of value lost by Power Services not being compensated for holding out capacity necessary to provide losses.

Actual vs Expected Returns:

Actual vs expected return MWH differences shown in BPA's presentation slides (page 19) do not appear to be significant. While BPA provided some dates in which discrepancies occurred, it is not possible to assess whether the quantity is significant. Please provide additional detail of differences by hour. For second quarter 2019 please provide detail of losses waved by Power Services.

Shell Energy notes that it is typically BPA's policy to notify a market participant prior to the close of the preschedule window if in-kind transmission losses are not prescheduled properly or accurately. We believe this ensures actual returns to meet expected returns. Shell Energy would appreciate further details and explanation from BPA as to why in-kind loss obligations are not scheduled properly.

Administrative Burden:

Shell Energy appreciates the work BPA performs to manage the grid. Often the administrative costs are much smaller than the energy costs, and thus the work performed by BPA to manage the system saves all customers and is greatly appreciated. A reduction of administrative costs should be weighed against the energy market cost to all customers.

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