



TransAlta Energy
Marketing (US) Inc.

T (503) 295-8490
www.transalta.com

1155 SW Morrison Street
Suite 200
Portland, Oregon
USA 97205

Steve Lincoln
Commercial Specialist

Direct Line: (503) 295-8490
Email: Steve.Lincoln@TransAlta.com

July 8, 2020

Matt Rios
Transmission Account Executive, Transmission Sales
Bonneville Power Administration
Mail Stop: TSE/TPP-2
7500 NE 41st Street, Suite 130
Vancouver, WA 98662-7905

Subject: TransAlta BP-22, TC-22, and EIM Workshop Comments from June 23 – 24, 2020

Matt:

At the workshops that occurred on June 23rd and 24th, BPA sought customer comment on several topics. TransAlta Energy Marketing (U.S.) Inc.'s ("TEMUS") comments follow and they reference slide numbers in the presentations from Day One¹ and Day Two².

Base Schedule Timeline

TEMUS appreciates BPA's efforts to move the EIM base schedule timeline as close as possible to WECC's e-Tag deadline and we support Alternative #2 (T-50) as described on Day One's slide 109.

As a market participant delivering significant volumes of energy in real-time, TEMUS values every minute of additional time that can be provided to finish transactions, arrange for transmission, and submit e-Tag schedules *before* the EIM base schedule deadline.

It is true that the WECC's traditional T-20 e-Tag deadline does not change when BPA chooses to become an EIM Entity. TEMUS has observed, however, that when a Transmission Provider becomes an EIM Entity, WECC's T-20 e-Tag deadline becomes irrelevant and financially hazardous. Whether BPA's transmission customers benefit from EIM or not, they will have no choice but to reckon with the EIM base schedule deadline (at T-57 or T-50) and risk unknown imbalance charges if tagging up to T-20.

¹ Day One presentation - <https://www.bpa.gov/Finance/RateCases/BP-22-Rate-Case/Documents/23June20%20-%20Main%20Tariff-Rates-EIM%20Workshop.pdf>

² Day Two presentation - <https://www.bpa.gov/Finance/RateCases/BP-22-Rate-Case/Documents/24June20%20-%20Main%20Tariff-Rates-EIM%20Workshop.pdf>

For transmission customers forced to accept an earlier, de facto scheduling deadline, TEMUS contends that BPA should make every reasonable effort to achieve the T-50 EIM base schedule deadline, or even lower when technological and computing advancements permit.

Finally, please note that TEMUS disagrees with BPA’s characterization on slide 112 that the T-50 alternative creates a “seams issue” with neighboring EIM Entities. Seams are negative circumstances that create disfunction between markets and impede day-to-day operations. By adopting the T-50 EIM base schedule deadline, BPA will offer a superior service compared to, and without impacting its neighbors. BPA will provide some additional certainty for market participants transacting within its borders and may compel other EIM Entities to adopt the practice.

Transmission Losses

This topic is involved. Before addressing many issues for which BPA is seeking comment, TEMUS’ overarching position should be summarized as follows.

TEMUS supports maintaining an in-kind loss return option, dramatically improving financial settlement using an index-based energy payment, and maintaining the ability for customers to elect their loss return method within the rate period. In consideration of concerns that BPA has presented about transmission losses, TEMUS can support improvements to the loss factor itself and the lag between when losses are incurred and when they are returned.

TEMUS’s comments on specific sub-topics are outlined below and they roughly follow BPA’s presentation as enumerated on slide 19.

- Network Loss Factor – Provided BPA’s analyses to assess current network loss factors adopt common industry practices, TEMUS agrees that loss factors should be reevaluated each rate period to reflect the system’s then-current topology. For reasons explained in the Pricing section below, TEMUS also supports greater “granularity”—changing from an annual average loss factor—provided it strikes a balance between improved accuracy and reasonable administrative burden for customers.

TEMUS believes a flat, seasonal loss factor for summer and one for spring, fall, and winter strikes that balance. Using the loss factors presented on slide 26 from the Day Two presentation, TEMUS suggests a separate summer loss factor, which would address the system’s most heavily loaded season. Given how close loss factors are between HLH and LLH, TEMUS contends that bifurcation would cause more churn for customer settlement and scheduling processes than is materially beneficial for BPA.

Season	Loss Factor (Flat)
Summer	2.3%
Spring, Fall, and Winter	1.9%

- Line Loss Settlements – From slide 30, TEMUS supports Alternative #5 and adds comments on these sub-topics.
 - Retaining the In-Kind Option: TEMUS was disappointed to see that BPA is still considering Alternative #6, financial-only settlement, phased-in or otherwise, in the

face of overwhelming customer response requesting that the in-kind option to be kept.

- In-Kind Timing: As described in the Pricing section below, TEMUS considers that losses could be returned closer to when they are incurred. However, we suggest that shifting to a more “concurrent” option must also strike a balance between improving upon the current 168-hour delay and scheduling efficiency. More discussion is needed about the potential methods presented on slide 35, but generally we believe balance is best achieved when losses from an operating day are summed for each hour and returned on a single e-Tag. We believe the 168-hour delay can be improved and TEMUS will look forward to discussing these details at future workshops in order to strike the right balance.
- Settle Delivery Errors Financially: TEMUS agrees that failure to return the correct volume of losses is most efficiently solved by financial settlement provided leniency (number of strikes) is reasonable.
- Loss Return Elections: TEMUS strongly opposes BPA’s proposal at slide 36 to restrict how often customers can modify their loss elections down to once per two-year rate period. With this proposal, it appears that BPA is trying to eliminate all sources of rate period uncertainty at transmission customers’ expense. Further, preventing in-kind customers from utilizing financial settlement during Q2, for example, eliminates a potential outlet for excess generation during the run-off.
- Pricing Losses – TEMUS does not think adding a capacity component to losses is appropriate if improvements similar to the suggestions made above are implemented. Adding a summer season loss factor and making loss returns more “concurrent” should address the bulk of BPA’s concerns with the status quo. For upcoming workshops, TEMUS requests that BPA rerun its capacity analyses shown on slide 50 and 52 using a summer loss factor and more concurrent returns.

Generator Interconnection

TEMUS supports Alternative #4 to update Attachment L with Repower and Replacement provisions.

TC-22 Proposed Hourly Firm Language

TEMUS is not surprised that continued Hourly Firm service has not demonstrated adverse reliability risk or other detrimental impacts given the limitations that were imposed in 2019 as part of the TC-20 settlement. As designed and expected, the limitations were extensive and had an outsized impact on how the product is used in real-time.

TEMUS understands why BPA believes status quo is an acceptable landing position for the TC-22 period, but based on negative customer feedback, like that shown on slide 82, TEMUS maintains that continuing to close Hourly Firm’s reservation window at 23:40PPT before the operating day is overkill. We believe the status quo can be improved in two ways—without risking reliability—to alleviate negative impacts caused by current Hourly Firm limitations. First, as part of TC-22, TEMUS requests that allowing Hourly Firm reservations within the operating day be

revisited. For example, allowing Hourly Firm reservations up to two – three hours before the operating hour would:

- Mitigate some operational difficulties customers are experiencing,
- Still drive heavy non-firm usage because firm would remain limited to ATC, and
- Provide BPA time before the operating hour to plan for reliability

Second and outside of TC-22, transmission customers, TEMUS included, are still looking to resolve how short-term redirects are evaluated for de minimis impacts. We view de minimis policies as closely linked Hourly Firm's limitation and another example of how transmission customers' experience since TC-20 has been negatively impacted. To help improve upon the current transmission customer experience, we can do better than status quo.

TRANSALTA ENERGY MARKETING (US) INC.

Steve Lincoln
Commercial Specialist