

July 13, 2022

Via email:

techforum@bpa.gov

U.S. Department of Energy
Bonneville Power Administration

Re: Comments and Requests of Avangrid Renewables, LLC, Avista Corporation, NorthWestern Energy, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc., Regarding June 29, 2022, BPA BP-24 Rate Case & TC-24 Tariff Proceeding Workshop

Avangrid Renewables, LLC, Avista Corporation, NorthWestern Energy, PacifiCorp; Portland General Electric Company, and Puget Sound Energy, Inc. (“Commenting Parties”), submit the following comments and requests regarding certain topics from the June 29, 2022, BPA BP-24 Rate Case & TC-24 Tariff Proceeding Workshop (“June 29 Presentation”).¹

As discussed below,

- A. BPA has not Provided Adequate Information Regarding the Current Flows or Loss Factors on the UD and DSI Segments and has not Demonstrated that (i) the Losses that Should be Collected on the UD and DSI Segments are Insignificant or (ii) the Collection of Losses on the UD and DSI Segments Should be Eliminated.
 - B. BPA Should Provide Additional Requested Information Regarding Losses on the UD and DSI Segments to Assist BPA Customers in Adequately Assessing the Impact of the BPA Staff Recommendation.
 - C. BPA Should Align its Unauthorized Increase Charge (“UIC”) with Longstanding Federal Energy Regulatory Commission (“FERC”) Policy and Charge Two Times the Applicable Point-to-Point Service Rate.
- A. BPA has not Provided Adequate Information Regarding the Current Flows or Loss Factors on the UD and DSI Segments and has not Demonstrated that (i) the Losses that Should be Collected on the UD and DSI Segments are Insignificant or (ii) the Collection of Losses on the UD and DSI Segments Should be Eliminated.**

As part of the June 29 Presentation, BPA presented its staff recommendation to eliminate the collection of losses on the Utility Delivery (UD) and Direct Service Industry (DSI) segments and remove the UD and DSI loss factor language from Schedule 11 of BPA’s tariff.² Currently,

¹ Available at https://www.bpa.gov/-/media/Aep/rates-tariff/bp-24/6-29-22-workshop/BP_TC-24-Workshop-June29-2022.pdf.

² See June 29 Presentation at page 85.

per information provided in the June 29 Presentation, the UD segment loss factor is 0.6 percent for kWh delivered and the DSI segment loss factor is “as specified in the Service Agreement.”³

From discussions during the June 29 Presentation, it appears that the basis for the staff recommendation was that BPA believes the losses on these segments are not significant. The June 29 Presentation states that the “[a]mount of [UD] losses that would occur would be very small due to the limited number of customers and facilities associated with the UD segment.”⁴ BPA also indicated that (i) there is not much service on the UD segment and BPA is not offering new service on the UD segment; and (ii) there are few DSI customers.⁵

However, BPA was unable to provide information at the workshop about either (i) the flows on the UD or DSI segments or (ii) the particular DSI segment loss factors as specified in the Service Agreements. Indeed, the BP-22 Transmission Segmentation Study and Documentation (BP-22-FS-BPA-07)⁶ indicates at pages A-27 to A-28 that there are more than forty utility delivery substations. It is difficult for BPA customers to comment on the staff recommendation without adequate information to assess the potential impact of its implementation.

Further, BPA has not adequately demonstrated that (i) the losses that should be collected on the UD or DSI segments are insignificant or “very small” or (ii) the collection of losses on the UD and DSI segments should be eliminated. The June 29 Presentation states that removing the UDI and DSI loss factor language “[r]emoves unnecessary and possibly confusing language from BPA’s Tariff”⁷ but does not explain why the current language is unnecessary or possibly confusing. BPA should provide adequate information and justification for the staff recommendation.⁸

B. BPA Should Provide Additional Requested Information Regarding Losses on the UD and DSI Segments to Assist BPA Customers in Adequately Assessing the Impact of the BPA Staff Recommendation.

Commenting Parties respectfully request that BPA provide the following information regarding losses on the UD segment and the DSI segment, which should assist BPA customers in adequately assessing the impact of the BPA staff recommendation:

- (i) Information regarding the flows (e.g., kWh delivered) on the UD segment for each of the three most recent years for which information is available.
- (ii) Information regarding the flows (e.g., kWh delivered) on the DSI segment for each of the three most recent years for which information is available. Please provide

³ *Id.* at page 86.

⁴ *Id.* at page 81.

⁵ *See Id.* at pages 80-81.

⁶ Available at <https://ratecase.bpa.gov/openfile.aspx?fileName=BP-22-E-BPA-07+Transmission+Segmentation+Study+and+Documentation.pdf&contentType=application%2fpdf>

⁷ June 29 Presentation at page 85.

⁸ For example, the fact that losses for transmission on the *Network* segment (*see, e.g.*, June 29 Presentation at pages 81-82) does not eliminate the need to collect losses for transmission on the UD and DSI segment.

such information separately for each DSI and also provide the loss factor for each such DSI as specified in its Service Agreement, so that the loss assessment may be calculated.

(iii) The amount of losses collected on the UD segment for each of the three most recent years for which information is available.

(iv) The amount of losses collected on the DSI segment for each of the three most recent years for which information is available.

(v) Any other information that BPA believes would support elimination of collection of losses on the UD segment or DSI segment.

C. BPA Should Reduce the UIC Penalty Consistent with FERC Policy.

Commenting Parties ask BPA to align its UIC practices with the guidance provided by FERC in Order No. 890.⁹

BPA's June 29 Presentation discusses whether the UIC is higher than necessary to achieve its stated purpose.¹⁰ BPA's UIC rate is the lesser of: 1) 100 mills per kWh plus the price cap established by FERC for spot market sales in the WECC; or 2) 1000 mills per kWh.¹¹ The price cap established by FERC for spot market sales in WECC is 1000 mills per kWh¹², and thus, BPA's UIC rate is also 1000 mills per kWh.

In 2007, FERC issued Order No. 890 to address discrimination and preference in transmission service.¹³ In doing so, FERC confirmed that operational penalties were appropriate for any unreserved use of transmission service to minimize any such unreserved use before it occurs, but also confirmed that "the unreserved use penalty rate may not be greater than twice the firm point-to-point rate for the period of unreserved use."¹⁴ BPA's current short-term firm and non-firm point-to-point rate is 4.740 mills per kWh.¹⁵ Two times this rate would be 9.480 mills per kWh, which is more than 100 times less than BPA's current UIC rate.¹⁶

⁹ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, at PP 834, 848, *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, [123 FERC ¶ 61,299 \(2008\)](#), *order on reh'g*, Order No. 890-C, [126 FERC ¶ 61,228](#), *order on clarification*, Order No. 890-D, [129 FERC ¶ 61,126 \(2009\)](#).

¹⁰ June 29 Presentation at 34.

¹¹ *Id.* at 36.

¹² *Western Elec. Coordinating Council*, 133 FERC ¶ 61,026 (2010).

¹³ *See e.g.* Order No. 890 at P 26.

¹⁴ Order No. 890-A at P 461.

¹⁵ *See* BP-22 Transmission, Ancillary, and Control Area Service Rate Schedules and General Rate Schedule Provisions at 15 (October 2021), *available at* <https://www.bpa.gov/-/media/Aep/rates-tariff/current-transmission-rates/2022-transmission-rate-schedules-and-grspsfinal.pdf>.

¹⁶ As stated in the TC-22 Tariff Proceeding Administrator's Final Record of Decision, TC-22-A-03, at page 6, "BPA's strategy and policy are to maintain a tariff consistent with the Commission's pro forma tariff and industry best practices to the extent possible and consistent with applicable law." Although the UIC penalty is a rate and is not in BPA's Tariff, FERC's policy analysis regarding UIC penalties provides useful guidance regarding BPA's UIC and industry best practices.

As BPA's presentation notes, FERC established a rebuttable presumption that unreserved use penalties no greater than twice the firm point-to-point rate for the penalty period are just and reasonable.¹⁷ FERC also provided:

transmission providers proposing an unreserved use penalty in excess of twice the relevant firm point-to-point rate for pervasive unreserved use could do so in a filing under section 205 of the FPA. Transmission providers proposing such a rate must establish that a higher penalty rate is required to combat pervasive unreserved use of transmission and why the standard rate that penalizes repeated unreserved use is not adequate to discourage repeated instances of unreserved use of transmission service.¹⁸

BPA's June 29 Presentation explains that PacifiCorp's UIC rate is consistent with FERC's guidance, i.e., that PacifiCorp's UIC rate is 200% of the applicable point-to-point rate.¹⁹ BPA has not explained why the UIC rate established by FERC in 2007, which appears to be industry standard, is not adequate to discourage unreserved use on its transmission system or why a rate that is more than 100 times FERC's policy is appropriate. Thus, BPA should align its UIC rate with FERC's policy.

* * *

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.

¹⁷ June 29 Presentation at 38.

¹⁸ Order No. 890-A at P 462.

¹⁹ June 29 Presentation at 39.