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Subject: TransAlta Responses to the Mar 30 Concurrent Loss Return Workshop

Matt:

TransAlta Energy Marketing (U.S.) Inc.'s ("TEMUS") provides these responses to topics covered in BPA's Concurrent Loss Return workshop on March 30, 2022 and its accompanying presentation¹.

e-Tag Timing Proposal

At slides #26 and 28 of the presentation, it appears that the T-30 is the cut-off for two purposes: First, T-30 is when BPA will send the last loss obligation to customers for the upcoming operating hour. Second, it appears e-Tag adjustments and new transactions tagged after T-30 will incur a loss obligation that is deemed "loss imbalance", which BPA will automatically settle financially. Is that interpretation correct?

If so, BPA should confirm that customers who must adjust an existing e-Tag or submit a new e-Tag after T-30 should not return losses for those transactions because they are going to be settled financially. BPA should also confirm that not returning losses in these situations will not be deemed under-delivery and draw penalties, as described on slide 22.

Again, if the interpretation above is correct, TEMUS supports and objects to the proposal. TEMUS supports an efficient way to deal with "loss imbalances". We commented earlier that moving this small volume of losses forward to the next hour is the best solution, because it is simple, is practiced today for remainders, and is only a small fraction of total losses returned.

Automatically settling losses financially could be a viable solution, but it depends upon the applicable rate. As stated in previous comments, TEMUS is concerned that the price established

¹ <https://www.bpa.gov/-/media/Aep/rates-tariff/bp22-implementation/concurrent-losses-wrkshp-30mar22.pdf>

for financial settlement will include a Capacity Rate, which TEMUS opposes, particularly in small-volume situations compared to total loss returns.

Reliability Events

TEMUS believes that “reliability events”, which are described in slide 32 of the presentation, must include actions taken in response to generator contingencies, like when a schedule must be reduced, which would result in over-returning losses. More importantly, there may not be time to also schedule loss returns (in the same hour) when submitting resupply schedules late in the hour. Just like transmission curtailments, generation contingencies are beyond a customer’s control and they can occur at times when returning losses in the same hour is impossible.

Regarding requested feedback at slide 32 on when reliability events would be exempt from penalties and settled financially, TEMUS would normally choose Option 1 for convenience and to avoid penalties that should not apply. However, Option 1 also means financially settling slightly more loss obligations automatically. As stated above and in previous comments, TEMUS is concerned that the price applied to these small volumes will inappropriately include a Capacity Rate.

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