



*Energizing Life in Our Communities*

*February 9, 2022*

**Comments of Public Utility No. 1 of Snohomish County regarding Bonneville Power Administration's January 26, 2022 Concurrent Loss Return Workshop**

*Submitted via email to [techforum@bpa.gov](mailto:techforum@bpa.gov)*

Public Utility District No. 1 of Snohomish County (Snohomish) appreciates Bonneville Power Administration (BPA) engaging with customers on the potential replacement of the current 168-hour delayed loss obligation return with concurrent loss obligation returns.

Snohomish's highest priorities through this process are to minimize uncertainty and additional processes for real-time scheduling staff, to retain our current ability to provide loss returns from Slice (preferably through a reduction in Slice Right-to-Power or RTP), and to minimize IT integration changes associated with implementation. In these comments, we describe some of the implementation challenges we expect BPA and customers to face, suggest an alternate option for consideration, and provide feedback in response to the specific requests from BPA at the January 26 Workshop.

In the January 26 Workshop, BPA staff provided a helpful history of developments starting with the pre-BP-22/TC-22 workshops, through the BP-22 settlement, to the current customer engagement process to develop a concurrent loss return policy. Snohomish generally agrees with the characterization presented. During the pre-BP-22/TC-22 workshops, Snohomish expressed a preference to retain the ability to return losses through a reduction in Slice RTP 168 hours delayed for BP-22<sup>1</sup> and requested additional information about how concurrent losses would be

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<sup>1</sup> *Comments of Public Utility District No. 1 of Snohomish County In Response to Bonneville Power Administration's June 23-24, 2020 BP-22/TC-22/EIM Phase III Workshop*, page 3. July 9, 2020.  
<https://www.bpa.gov/Finance/RateCases/BP-22-Rate-Case/Documents/Comments/June%2023-24%20Workshop/Snohomish-Comments-on-BPA-6-23-2020-BPA-BP-TC-EIM-Workshop.pdf>.

implemented.<sup>2</sup> Snohomish notes that at no time prior to the current engagement process was it clear to us that shifting to concurrent physical loss returns could potentially result in an inability for Slice customers to continue returning losses through a reduction in Slice RTP. We appreciate BPA staff's recent engagement on this topic with Slice customers at the Slice Implementation Group meetings and look forward to additional discussions in that forum.

### **Challenges with Same-Hour loss returns**

Over the course of the past two workshops, it has become clear to Snohomish that there are many challenges for both BPA and customers associated with returning losses during the same hour as the scheduled flow. We outline some of challenges below Based on our understanding of the information provided to-date.

Earlier effective scheduling deadlines: BPA appears to be leaning towards calculating loss return obligations on behalf of customers, which we support. However, Snohomish is concerned that this option may imply that customers would need to submit transmission schedules earlier than current deadlines to provide BPA sufficient time to calculate and post loss return obligations and then for customers to either update Slice RTP values (if this option remains available) or acquire the loss return reservation and submit a new or adjusted eTag. Customers are already in the process of developing new real-time scheduling processes to accommodate the EIM base schedule submission deadline of T-57; it would require additional cost and effort to adjust processes yet again to accommodate concurrent loss returns. Moreover, earlier scheduling deadlines are likely to result in lower scheduling accuracy due to a reliance on earlier load and Variable Energy Resource (VER) forecasts. Snohomish believes that any concurrent loss return option should allow customers to continue to submit EIM base schedules up until T-57, Slice tags up until T-30 and all other tags up until T-20 without penalty as is the case today.

Additional time-sensitive real-time process(es) for BPA and customers: The concerns above suggest that BPA should endeavor to calculate and post loss return obligations as close to

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<sup>2</sup> *Comments of Public Utility District No. 1 of Snohomish County In Response to Bonneville Power Administration's March 17, 2020 BP-22/TC-22/EIM Phase III Workshop*, page 1. March 31, 2020.  
<https://www.bpa.gov/Finance/RateCases/BP-22-Rate-Case/Documents/Comments/Mar%2017%20Workshop/03.31.20%20Snohomish%20Comments%20-%20March%2017%20BPA%20Rate%20Case%20Workshop.pdf>.

scheduling deadlines as feasible. However, narrow windows pose their own challenges. Customer real-time staff may find it challenging to acquire or update reservations and submit eTags, or to make any needed scheduling adjustments to allow additional Slice RTP reductions if loss obligations are received very close to deadlines. Rapid and/or frequent calculation and posting of loss obligations will place added burden on BPA systems. Errors may be more likely with a tight window between receipt of loss obligation and the scheduling deadline, as customers will have limited or no ability to check the accuracy of BPA's calculations and any communication failures are less likely to be resolved before the scheduling deadline.

Loss return imbalance: As the January 26 workshop makes clear, a move to same-hour loss returns will inherently result in loss return imbalance. Some potential causes include:

- Real-time curtailments and reloads, after the fact adjustments, and dynamic and pseudo-tie schedules.
- Schedules submitted after BPA's deadline for inclusion in the loss obligation calculation, but prior to final tagging deadline of T-20. If BPA's final calculation is ahead of the T-57 EIM Base Schedule submission deadline, this would be a 40-minute window.
- Inaccurate loss returns from customers due to issues such as calculation errors, communication failures, and difficulties scheduling loss returns in tight windows as described above.

Challenges for retaining Slice RTP reduction option: Our understanding is that it may be particularly challenging for BPA to maintain the option for Slice customers to return losses through a reduction in the Slice Right-to-Power if same-hour loss returns are implemented. As noted above, the potential loss of this option was not conveyed to Slice customers during the pre-BP-22/TC-22 workshops and was unknown by Slice customers at the time of settlement. A loss of this option would result in additional IT integration efforts by Slice customers to automate a new process, and additional ongoing efforts by real-time staff to procure or update TSRs and eTags in tight time windows. These additional efforts would be otherwise unnecessary absent a move to same-hour loss returns.

As stated above, these concerns are based on Snohomish's current understanding. Snohomish requests feedback as to whether these concerns are accurate and consistent with BPA's proposal.

### **Consideration of one-hour delay**

Snohomish is concerned that the implementation challenges of moving to concurrent loss returns, including those outlined above, may outweigh the benefits. However, Snohomish understands that BPA is bound by the settlement agreement to pursue implementation of concurrent loss returns and Snohomish intends to continue to engage with BPA and other customers to identify a workable solution.

One option that Snohomish requests BPA and customers consider is implementation of a one-hour delay in loss returns instead of same-hour returns. Snohomish envisions that this option could be structured very similarly to the 168-hour loss return in use today, but with an accelerated timeline. By way of example, the one-hour delay schedule could resemble the following:

- 7:40: Tagging deadline for HE 09.
- ~7:45: BPA posts calculated loss return values for HE 09 (this timing is intended to be illustrative and would require further vetting by BPA, Snohomish, and other customers).
- ~7:45 – 8:03: Losses calculated for HE 09 are scheduled to be returned during HE10 using a separate eTag or reduction in Slice RTP.
- 8:03: EIM Base Schedule deadline for HE 10, including returns of HE 09 calculated loss obligation

Snohomish believes this option could mitigate many of the challenges outlined above.

Specifically, it would have the following advantages relative to same-hour returns:

- Simplification: This option would retain many of the same elements of the current 168-hour delay but on accelerated timeline. This may reduce the extent of process changes and IT integrations for BPA and customers.
- Avoids earlier scheduling deadlines: Loss return obligation would be provided well ahead of the current EIM Base Schedule deadline, avoiding the need for customers to finalize schedules ahead of current deadlines.
- Enables loss returns using Slice RTP deduction.
- Volume of loss return imbalance would likely be reduced:

- Calculated loss obligation would be able to reflect losses on all tags up to the T-20 tagging deadline
- ~18 minute window between loss obligation posting would reduce the likelihood of communication failures preventing customers from receiving obligation value, allow customers to check the accuracy of loss return value provided by BPA, and allow additional time for customers to provide the correct loss return amount

Snohomish acknowledges that under this option, solutions will still be needed to manage some potential loss return imbalances such as kW remainders, curtailments/reloads, and dynamic/pseudo-tie schedules, but the overall loss imbalance is likely to be less than under same-hour returns. Snohomish also acknowledges that there would likely be some capacity implications of a one-hour delay but expects that the magnitude may be much smaller than the capacity required by today's 168-hour delay. Snohomish believes that this option may represent a reasonable compromise by substantially reducing both the capacity held for loss return delays relative to today and the implementation challenges of same-hour returns.

In response to a written comment from Shell following the December workshop,<sup>3</sup> and an oral comment from Snohomish during the January workshop suggesting consideration of an option to implement 1-hour loss returns, BPA staff noted that this option would violate concurrent loss implementation Principle 5: "Losses returned the same hour as the schedule." Snohomish first notes that options should be weighed against *all* principles and that based on our analysis above one-hour delayed returns may perform better than same-hour returns with respect to principles 3 and 4.

Second, customers have had limited opportunity for input into the development of these principles. Snohomish would suggest that the value of same-hour loss returns results from *minimizing the capacity impact of loss returns on the FCRPS*. Snohomish suggests that this might be a better framed principle than the currently rigid principle #5 and one that may be more easily weighted against other principles. As described above, there are tradeoffs between

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<sup>3</sup> Shell Energy comments to BPA's Concurrent Loss Return Customer Workshop, page 1. December 28, 2021. <https://www.bpa.gov/Finance/RateCases/BP-22-Rate-Case/Documents/Concurrent%20WrkShp%201%20Customer%20Comments/shell-comments-bpa-concurrent-loss-return.pdf>

capacity implications and implementation simplicity of one-hour delayed loss returns compared to same-hour returns that Snohomish believes are worth exploring.

Snohomish requests that BPA more fully consider an option for a one-hour loss return delay and to share any considerations, analysis of FCRPS capacity implications, pros and cons, or other feedback on this option with customers at the next workshop. A similar option for consideration would be a 24-hour delay for all loss returns, which would likely have some different tradeoffs relative to the one-hour delay described above.

### **Specific Feedback Requests**

In the January 26 Workshop, BPA requested feedback on several specific items. Snohomish provides input on these options below based on the same-hour return framework currently under consideration.

#### ***Current options for handling kW remainders***

Snohomish prefers that BPA apply standard rounding rules with no financial settlement for loss obligations larger than 0.5 MW, as we anticipate that the value of positive and negative remainders will tend to net out over time and between customers during the same hour, in line with Option 2. Snohomish does not have a current position on the options to recover loss obligations smaller than 0.5 MW.

#### ***BPA's financial settlement of loss return imbalance proposal***

Snohomish agrees that in the same-hour loss return framework, financial settlement of some loss return imbalances due to schedules submitted between the posting of the loss obligation and the T-20 tagging deadline, curtailments and reloads, dynamic transfers, and pseudo-ties may be appropriate. In these instances, over-deliveries should be credited and under-deliveries should be charged using the same rate structure (e.g., if BPA charges a capacity rate for under-deliveries, BPA should also credit a capacity rate for over-deliveries). Snohomish prefers that the volume of financially settled loss returns be minimized to both reduce potential customer exposure and reduce the impact on the FCRPS, while recognizing potential tradeoffs with scheduling deadlines, complexity, etc.

#### ***Current options for handling invalid loss returns***

Snohomish understands that a penalty may provide incentive for customers to provide accurate loss return values. However, we also expect that the tight time windows associated with same-hour returns may result in customers unintentionally providing some volume of “invalid” loss returns. For example, communication challenges or difficulty procuring transmission reservations and tags in tight windows may lead to some loss returns that don’t match the BPA-calculated value despite customers’ best efforts. It may be helpful to revisit the appropriateness of a penalty once more implementation details are known. One option may be a % or MW band that would be insulated from any penalties. Snohomish also notes that the one-hour delay option discussed above may reduce the magnitude and frequency of “no-fault” invalid returns.

***Current options for where loss obligations are posted***

To the extent possible, Snohomish would prefer that loss obligations be posted in the same or similar manner and format as today (with different timing) in order to minimize the IT integration efforts required to automate loss return processes.

***Additional things to consider concerning loss scheduling and timing***

Please see the scheduling and timing considerations laid out in the *Challenges with Same-Hour Loss Returns* section above.

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Snohomish thanks BPA staff for hosting this informative workshop and looks forward to continued engagement on development of concurrent loss return service, particularly as it relates to Slice Returns. Please do not hesitate to reach out if you have any questions.