



## **Comments on BPA TC-20**

The Northwest and Intermountain Power Producers Coalition (NIPPC) offers the following comments to the BPA proposals presented during the 2018 Transmission Business Model/Pro Forma Gap Analysis workshops, including the workshop on May 31.

### **FERC Review**

NIPPC continues to be concerned with BPA's proposal to end FERC's review of BPA's policy decisions related to the terms and conditions of transmission service on the BPA system. We fundamentally disagree with BPA's rationale that one federal agency (FERC) cannot provide another federal agency (BPA) with advice on issues where it has special expertise.

FERC has a critically important role in the Pacific Northwest — to oversee the interstate transmission of electricity and ensure a competitive wholesale market. FERC's responsibility to encourage and support a functional wholesale market should also be of a priority of BPA. NIPPC believes that BPA should welcome its sister agency's special expertise in ensuring that the terms and conditions of BPA's transmission service will promote a competitive wholesale energy market in the Pacific Northwest.

Finally, the assertion that FERC cannot "oversee" BPA ignores the myriad of other Federal agencies that BPA must coordinate with in order to satisfy its multitude of other federally imposed rules and requirements such as safety, reliability, fish and wildlife constraints, energy policies, nuclear operating requirements, budgetary requirements, and access to federal funding. Agencies BPA coordinates with - on a wide variety of substantive topics - include the Army Corps of Engineers, the Bureau of Reclamation, the National Marine Fisheries Service, the Department of Energy, and the Nuclear Regulatory Commission. While NIPPC acknowledges that BPA is not directly subject to FERC jurisdiction (with specific exceptions related to its rates), NIPPC encourages BPA to consider the value of continuing to allow FERC to provide oversight of the terms and conditions of BPA's transmission tariff.

For these reasons, NIPPC opposes BPA's proposal to discontinue FERC's review of its tariff.

## **Procedural Timeline for TC-20**

No comments

## **Use of Business Practices/Losses**

BPA's proposal for the treatment of loss factors is a perfect example of NIPPC's concerns with BPA's overall *Pro Forma Gap Analysis / TC-20* process. Instead of considering its OATT in a holistic way that takes into account all of the interrelationships between the different tariff elements, BPA has individual teams focusing on developing language for specific sections of the OATT. During the process of developing new tariff language, BPA staff does not appear to be taking into account the details of BPA's relationship with FERC or other proposed changes to its tariff.

BPA proposes to move its loss factors from the tariff to a business practice. As justification for this change, BPA suggests that the "industry standard" is for transmission providers to place loss factors in their business practices. But BPA fails to consider that the "industry standard" is derived from other transmission providers that are FERC jurisdictional. Accordingly, the "industry standard" is for a dispute on an issue of service under the tariff (such as a business practice) to be resolved by filing a Complaint with FERC. BPA, however, is proposing to eliminate FERC review of changes under BPA's OATT. As a result, BPA's customers will not be able to file a complaint at FERC asserting that the terms of a business practice are unjust and unreasonable and unduly discriminatory. Instead, if customers dispute BPA's loss factors, they will need to file a Section 211 proceeding without knowing which substantive standard BPA will claim applies because BPA has declined to include in the Tariff a statutory standard against which its service will be judged.

A Section 211 proceeding is likely to be significantly more expensive and resource intensive than a Complaint filed with FERC under the OATT. BPA needs to consider that while the "industry standard" may be for transmission providers to place their loss factors in a business practice, but under that industry standard practice, transmission providers and customers have very different review, oversight and dispute resolution mechanisms; mechanisms that will no longer exist for BPA customers if FERC oversight is eliminated.

BPA also suggests that its business practice procedures are transparent and incorporate customer input; in complete disregard of actual recent experience. BPA appears to have entirely forgotten customer's dissatisfaction with the lack of transparency and customer input the last time BPA changed its Real Power Loss Return Business Practice. Only one year ago, BPA abruptly modified its Real Power Loss Return business practice with little advance notice and no prior customer input. Not only did BPA fail to follow its own informal process for business practice revisions, its unilateral action created significant commercial and reliability risks for others in the Region. Furthermore, BPA staff revised the business practice (on the timing of the waiver of real power loss returns) in a manner that was completely inconsistent with the

Administrator's policy statement on the topic. Only after repeated customer complaints did BPA begin a protracted process of taking customer comment on the issue. Yet now, BPA staff asserts that BPA's procedures to change its business practices are transparent and open to public comment - despite recent evidence that its existing business practice revision processes ensure neither transparency nor customer input.

NIPPC does not support moving important terms and conditions of service from the tariff into business practices. In short, BPA needs to completely reconsider its reliance on business practices as a mechanism to document and modify significant commercial arrangements. If BPA proceeds to eliminate filing its tariff with FERC, BPA is not in the same position with regard to FERC oversight as other transmission providers — so BPA cannot rely on an “industry standard” to justify relying on business practices as a location for significant information concerning the relationship between BPA and its customers.

NIPPC remains hopeful that BPA elects to maintain FERC's existing role in overseeing BPA's tariff. However, if BPA ultimately changes that relationship and proceeds to eliminate FERC oversight of the terms and conditions of transmission service, then BPA should not rely on business practices to store important terms and conditions of service - including loss factors. While BPA may consider locating items like loss factors in its tariff to be unwieldy and inefficient, that inconvenience is a necessary consequence of BPA's refusal to allow FERC oversight of its tariff. Only by making loss factors a component of a Section 212 proceeding can customers receive sufficient procedural protections similar to customers taking service from a transmission provider whose loss factors are subject to FERC review.

### **Available Transfer Capability (ATC)**

At the workshop on May 31, BPA also provided customer with an update on BPA's Commercial Assessment process and sought customer input on its long-term ATC calculations.

As a threshold matter, NIPPC is unclear as to why this topic was part of the TC-20 process. There seem to be no changes to BPA's existing tariff language.

For the most part, NIPPC supports the changes described by staff. NIPPC agrees that the proposal to perform 5 and 10-year load growth studies is an improvement over applying a 1% growth factor to load. NIPPC, however, believes BPA must take additional measures to ensure that its Long-Term ATC Methodology meets the needs of the Pacific Northwest. Slide 30 of the presentation from May 31 is titled “Transmission Integrated Planning Process Timeline” but describes a transmission planning process that is anything but integrated. NIPPC encourages the ATC methodology team to read BPA's Attachment K and incorporate the information collected as part of that process into its Long-Term ATC Methodology.

NIPPC's experience has been that BPA essentially conducts two entirely independent transmission planning processes:

1. Attachment K (which is part of the tariff) and;
2. The commercial assessment/queue re-stack/cluster study process (which in many respects operates outside of the tariff).

NIPPC encourages BPA to develop a single integrated process for transmission planning which spans from the cluster study process, through Attachment K to the Columbia Grid and Inter-regional Planning Processes.

For example, under Attachment K Point to Point customers are required to submit 10-year forecasts for their projected need for Point to Point service. NIPPC recognizes that BPA has an obligation to set aside transmission capacity for future load growth. NIPPC believes BPA has a similar obligation to set aside capacity for future demand from Point to Point customers even in the absence of a request in the transmission service queue. As another example, Attachment K requires BPA to consider public policy requirements in developing its system assessment – not just reliability and actual service requests. NIPPC suggests that both public policy requirements and 10-year projections for future Point to Point service should be incorporated into the long term ATC methodology. Other elements of the Attachment K and Columbia Grid planning processes may be appropriate to include as well. NIPPC suggests that the BPA long-term ATC methodology should also incorporate utility Integrated Resource Plans.

In summary, there is wealth of information about the future use of BPA's transmission system that BPA is not considering in its "integrated" transmission planning process. And much of this information is (or should be) collected and considered in BPA's Attachment K process. There seems to be no justification for ignoring this information in the cluster study process.