



TC-20 July Workshops

The Northwest and Intermountain Power Producers Coalition (NIPPC) offers the following comments to the BPA proposals presented during the July TC-20 workshops.

Before addressing specific topics, we understand that BPA now plans to engage the region in a comprehensive settlement effort that is intended to eliminate the need for multi-year tariff modifications and eliminate the challenges associated with having customers taking service under two different open access tariffs simultaneously. NIPPC believes that a single open access tariff, which is reviewed by FERC, is the correct outcome. As far as how individual provisions and procedures are handled, again, our preference is *pro forma*, recognizing that some deviations that substantially conform or are superior to the *pro forma* make sense for BPA and its customers and should be adopted. Below are comments on individual topics that have been discussed in the TC-20 workshops.

Interconnection Procedures

The workshop topic on July 20 dedicated to exploring changes to BPA's interconnection procedures reflects a fundamental flaw in BPA's decision to conduct a Sec. 212 process to revise its tariff every two years.

FERC issued Order 845 in April 2018 with an implementation timeline for FERC jurisdictional utilities of 75 days. BPA, however, has announced that it is unable to implement the reforms described in Order 845 until the TC-22 process at the earliest. If BPA continues on a two year cycle for tariff updates while FERC continues to give utilities under its jurisdiction anywhere from 60 to 120 days to implement tariff changes, then BPA will consistently be out of step with the *pro forma* OATT, neighboring transmission providers, and national energy policy. BPA's decision to conduct tariff updates every two years is not consistent with BPA's stated strategic goals to Modernize Assets and System Operations, Provide Competitive Power Products and Services and Meet Transmission Customer Needs Efficiently and Responsively. Depending on the timing of a FERC final rule related to the OATT, BPA may need as long as three years for the reform to be reflected in its own transmission tariff. This delay will result in inefficient seams between BPA and its neighboring transmission systems. This delay will also frustrate BPA's ability meet its stated value propositions of operating a high performing grid, enabling economic growth in the region, and providing access to non-Federal resources and markets. Just as BPA is seeking to improve its flexibility in the

operation of its system, it should strive to improve its flexibility in adapting its tariff to changes recommended by FERC and adopted by its neighbors.

Many of NIPPC's members are disappointed that BPA has delayed its consideration of Order 845 reforms and other interconnection process reforms until the TC-22 process. NIPPC offers the following comments on BPA's proposals to change its interconnection processes:

Site Control on Public Lands

NIPPC understands BPA's proposal to increase the requirements for site control on public lands to include a "final, non-appealable permit, license, or other exclusive right to use the property for the purpose of generating electric power." NIPPC also understands that a customer's failure to demonstrate site control (under the existing definition) simply requires the customer to provide additional deposits toward future costs and does not by itself result in forfeiture of the project's interconnection queue position. NIPPC asks BPA to confirm these interpretations.

NIPPC recommends that BPA delete the requirement that a decision to issue a permit be "non-appealable." NIPPC suggests that BPA and the interconnection customer can rely on a final permit issued by a public body with jurisdiction over public lands for the purposes of demonstrating site control even if the permit may be subject to appeal. Requiring a "non-appealable" order will not result in faster processing of the queue, because customers would still be allowed to simply submit higher deposits in lieu of demonstrating site control in order to maintain their position in the queue.

Environmental Study Agreement

The proposed language is confusing. NIPPC suggests changing the proposed language to clarify that the customer must comply with its obligations under the "environmental study" agreement as follows:

As soon as practicable, Transmission Provider shall tender to Interconnection Customer an environmental study agreement authorizing Transmission Provider, at Interconnection Customer's expense, to perform environmental review of the proposed interconnection, including review under the National Environmental Policy Act (NEPA), and setting forth Interconnection Customer's responsibilities in connection with such environmental review. Interconnection Customer shall execute and return the environmental study agreement within 30 Calendar Days of receipt and shall comply with its obligations as set forth in the environmental study agreement or its Interconnection Request shall be deemed withdrawn pursuant to the terms of section 3.6 and the unexpended amount of its deposit, if any, shall be returned.

These comments apply to both proposed LGIP Section 3.3.5 and proposed SGIP Section 3.2.4.

Tender and Negotiation

As discussed during the workshop, BPA appears to have inadvertently deleted the deadline for BPA to tender a draft LGIA. NIPPC recognizes that BPA must complete the NEPA process before tendering a draft LGIA; NIPPC also recognizes given BPA's NEPA requirements that the *pro forma* language requiring the transmission provider to tender a draft LGIA within 30 days from its receipt of customer's comments to the Facilities Study should not apply. Nevertheless, BPA should not have an indefinite period of time to tender a draft LGIA even if the 30 day time period begins with the completion of the NEPA process and not completion of the Facilities Study.

Business Practices

NIPPC has provided numerous comments discouraging BPA from relying on business practices as a place to document important terms and conditions of transmission service which BPA believes do not fit within either the Tariff or Rate Schedules. Two examples of terms and conditions important to NIPPC are 1) loss factors and 2) quality of service for Variable Energy Resource Balancing Service.

NIPPC's primary concern is the flexibility that BPA would have in changing those terms and conditions of service outside of a process where the Administrator has the final decision. Slide 19 of BPA's presentation identifies the crux of the problem. The BPA Tariff and BPA Rate Schedules can only be changed by the Administrator as documented in a final decision. Business practices, however, can be changed by BPA management after consultation with customers. NIPPC believes that inputs used to set rates - such as the quality of service for VERBS - should have procedural protections similar to the rates themselves. NIPPC's concern is that BPA management may take it upon itself to change a business practice (for example, the business practice that sets the quality of service for VERBS customers) but without changing the rates those customers pay. The result would be that customers would still be required to pay the established rates, but for a diminished quantity and quality of service. This could not only undermine not only the value of service purchased from BPA, but also for the commercial arrangements between a BPA customer and its own downstream customers.

If BPA insists on rejecting customer requests to continue to incorporate these elements into the Rate Schedules or the Tariff, then NIPPC requests that the sections of the business practices where rate inputs are memorialized include language reflecting that those sections can be modified only by the Administrator as part of a formal rate or tariff revision process.

NIPPC also asks BPA to provide a draft of its proposed business practice revision process. As noted above, NIPPC believes that where business practices provide inputs to rates, those business practices should be protected from modifications outside

a formal rate or tariff revision process overseen by the Administrator. NIPPC offers the following recommendations:

1. The comment period length should be fixed. What BPA considers a “minor” change to a business practice that justifies a reduced comment period may actually have significant impacts to customers of which BPA is unaware. BPA should not rely on its internal decision making process to reduce customers’ opportunity for input.
2. The comment period should be at least two weeks and preferably four weeks. Customers need the opportunity to review and internally discuss BPA’s proposals.
3. BPA should allow comment period extensions.
4. BPA should continue to host conference calls to review the proposed changes with customers.
5. BPA should not have the ability to “expedite” its adoption of business practices. This is effectively the ability to prohibit customers’ opportunity to provide input.

Schedule 10

NIPPC recognizes that there is no *pro forma* tariff language for BPA’s proposed Schedule 10 Capacity for Generator Balancing Services. NIPPC is concerned with elements of the proposed language.

BPA proposes in part:

The Transmission Provider must offer to provide this service to generation electrically located in the Transmission Provider’s Control Area to the extent it will not unreasonably impair reliability.

Unfortunately, the reverse is also true. BPA’s failure to provide the service may itself impair reliability. Accordingly, NIPPC urges BPA to adopt the following language for Section 10:

Capacity for Generator Balancing Services is necessary to ensure that capacity is available to provide the energy for service under Schedule 9, Generator Imbalance Service, as well as to provide regulation and frequency response for generation, in order to maintain scheduled Interconnection frequency at sixty cycles per second (60 Hz). The obligation to maintain the capacity under this schedule 10 lies with the Transmission Provider (or the Balancing Authority that performs this function for the Transmission Provider).

The Transmission Provider must offer to provide this service to generation electrically located in the Transmission Provider’s Control Area. The Transmission Provider will establish a long-term planning process in its Business Practices and utilize that planning process to forecast the quantity of balancing

reserve capacity needed to provide this service. The Transmission Provider will offer to provide such service up to the forecast quantity and any additional capacity to the extent it is physically feasible to do so from its resources or from resources available to it.

The Transmission Customer must either purchase this capacity for generator balancing services from the Transmission Provider or make alternative comparable arrangements, to satisfy its obligation.

Price Cap

NIPPC supports BPA's proposal to remove the price cap from resales of transmission service.