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Tacoma Power Comments on Grid Access Transformation July 29-30 Workshop

Tacoma Power appreciates BPA's continued discussion on its Grid Access Transformation (GAT) proposals and red lines. The Q&A at the July 29 and 30 meetings was especially informative and it helped all participants to more fully understand the direction that BPA is intending to take with its proposed short-term remedies.

At present, Tacoma Power has several concerns about the draft Business Practices BPA presented at the July 29-30 meeting, but would like to highlight two main issues. Tacoma Power is concerned with the speed with which BPA is moving through this process and is worried that BPA is introducing policies that are discriminatory and will result in unintended consequences that slow down BPA's efforts to move through its pending queue. Tacoma Power would also like to highlight that while BPA has expressed great confidence in the future state it is working to attain, that future state is yet undefined and will rely in great part on BPA's efforts to position itself to be ready for that future state.

Pace of GAT

To that end, Tacoma Power is concerned that BPA is trying to move at a pace that is untenable and is not properly taking customer comments and concerns into consideration. For example, BPA started drafting and sought management approval for the draft business practices it presented at the July 29-30 meeting before the comment due date from the July 9-10 GAT meeting. Because the July 9-10 meeting was the first time stakeholders had the opportunity to see the 'six part wheel' BPA designed, this meant that BPA started drafting critical Business Practices that affect every BPA transmission customer, before looking at any customer comments from the workshop that set out the fundamentals of BPAs proposal. While BPA did take notes at July 29-30 workshop, it is unknown how BPA will incorporate either the comments submitted in response to the earlier meeting or the comments made at the workshop.

Further, there was a request at the July 29-30 meeting for BPA to set up a customer-led workshop in August, but no meeting has been scheduled to date. Additionally, BPA originally intended for comments to the July 29-30 workshop to be submitted in under a week. This is not a reasonable timeline. There are many issues that would benefit discussion, including the treatment of NWACI facilities, the realistic effects of BPA's proposals in the longer term, the process by which BPA will notify the customers it intends to remove from the queue and the related cure period, and other specific issues related to the draft Business Practices. Tacoma Power requests that BPA set up at least one customer-led meeting as well as deep-dive meetings to work on specific topics.

BPA has stated that it anticipates that the processes and procedures it adopts for its transition 'clear the queue' initiatives will take at least two years to resolve for the parties in the queue from August 2022-August 2024. Review of the queued projects from August 2024 to current will presumably start two years after the initial round. BPA owes it to its stakeholders to ensure the processes that will take at least four years to execute and clear the queue are well vetted by its stakeholders.

Readiness Criteria and NITS Reform

Tacoma Power is also concerned that the transition initiatives that BPA is introducing are discriminatory and could lead to disputes that will ultimately slow down BPA's ability to move through its queue. Concerning readiness criteria, any customer who requests transmission service and is willing to pay for that service should have equal and open access to that transmission service, regardless of BPA's determination about maturity of the project or service type (Point to Point or NITS). FERC, and BPA's OATT, have supported limitations on the interconnection process to ensure that developer projects that enter the interconnection queue are projects likely to be built. These restrictions have not been applied by FERC to transmission requests and BPA should not attempt to apply interconnection standards to transmission projects. Further, BPA's desire to retroactively apply these readiness criteria to projects who entered the queue in good faith as far back as August 2022 may be effective in removing some projects from the queue, but it certainly raises questions about equitability. Again, Tacoma Power understands BPA's desire to move forward and get itself out of the 'queue jam' it is currently in, but the manner in which it does so still should follow the Good Utility Practices of good faith.

Furthermore, it is readily apparent that BPA's intention is to favor NITS projects in the queue, regardless of queue order or customer status. BPA has suggested that any NITS customer be allowed up to 13MW a year at any applicable POD for "forecasted growth." BPA intends to apply this 13MW/year retroactively back to 2022, so a NITS customer could have 39MW of "forecasted growth" at the applicable PODs outside of BPA's commercial planning process. This growth also does not fall under BPA's new definition of "New Network Load." Further, BPA stated in the July 29-30 workshops that in its efforts to clear the queue, it will award NITS customers this "forecast growth" NITS service irrespective of queue order. This 13MW/year/POD does not consider the size of the NITS customer, so even if this amount is far beyond 'normal' growth of a few percent, it will be retroactively awarded. All NITS "forecast growth" service will be awarded at the detriment of earlier queued Point to Point requests. While BPA has produced language giving it the ability to pause and study these proposed projects, it remains clear that the intended goal is to award NITS service without reasonable study. Tacoma Power suggests that that NITS forecast load growth be tied to a real number related to the size of NITS customer load, like 3% annually, and be calculated based on the NITS overall forecast, not the forecast of a specific POD. Tacoma Power also suggests that, at a minimum, this same standard be applied to BPA's Point to Point Preference Customers who are using BPA transmission to meet BPA's power preference requirements.

Finally, Tacoma remains concerned that BPA's new interim service provisions for Long-Term NITS Enhanced Priority 6 further favors the awarding of NITS contracts over Point to Point contracts. BPA states on page 13 of its draft language that this product would "have priority rights to Short-Term Firm (STF) ATC along with CFS before it is released to the market for sale." Tacoma Power notes that ATC is a construct to allow Point to Point customers to know how much available capacity may be available between two specific points. ATC that could be awarded for NITS would need to be available on the grid as a whole, which is why ATC is not used for calculating available NITS. Taking ATC away from PTP customers and awarding it to NITS customers, who are already receiving awards before Point to Point customers, for a new product designed to benefit NITS customers, will degrade Firm and Conditional Firm Point to Point rightsholders. This new product also has the potential to harm any redirects done currently by BPA customers.

Tacoma Power applauds BPA's desire to move quickly, but respectfully prefers to see BPA's enhancements done equitably and in a manner that supports the robust health of the grid. Tacoma

Power believes that with continued collaboration and effective communication, we can collectively meet BPA's goals and ensure that it is done so in a manner that is fair to all parties.

Sincerely,

/s/ Leslie E. Almond

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