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TACOMA PUBLIC UTILITIES

Comments of Tacoma Power in response to July 9-10 Grid Access Transformation workshop

Tacoma Power appreciates the Bonneville Power Administration's efforts to modernize and streamline its efforts in transmission planning, including the inclusion of building projects by third parties. Tacoma Power notes that given BPA's large transmission framework in the Pacific Northwest, it is critical that BPA have a robust transmission grid as so many utilities, large and small, regulated and unregulated, rely on the power that BPA delivers on its transmission system. Tacoma Power also appreciates the ability to comment on the materials and discussion presented at the July 9-10 Grid Access Transformation workshop.

Before commenting on the contents of the workshop presentation, Tacoma Power would like to note that it is concerned about the speed in which BPA is developing Business Practices on this critical topic. In many ways it feels that BPA still does not have a direction or firm methodology for its potential solutions, yet it is already in the process of Business Practice development for changes that will affect all Bonneville stakeholders.

Issue #1 – Coordination with Reliability Planning

Foundationally, Tacoma Power questions why reliability planning is separate from BPA's efforts towards proactive planning. On Slide 5, BPA clearly indicates that Reliability Projects, including System Assessment and CRISP (Customer Reliability Improvement & Service Program) are in a different bucket/process from the Grid Access Transformation process. However, system reliability and reliability planning have to be the foundation, and indeed the starting point, for transforming to the grid of the future. BPA's efforts to proactively plan, consider NITS forecast needs and accelerate expansion need to be encompassed in the guise of system reliability. Tacoma is concerned that BPA intends to keep its planning processes separate, with individual, highly-siloed groups completing different stages of planning, as BPA does today, with the transparency and efficiencies that BPA discussed at the workshop lost. If BPA is truly committed to its statements that it wishes to be more transparent in planning, that transparency needs to start with its reliability studies, including its annual TPL report.

BPA's new Proactive Planning process, outlined on slides 21-23, sounds like what BPA should already be doing under its Attachment K process. Attachment K, a regulated reliability planning process that BPA has included in its OATT, involves studying both local system needs and potential solutions to those needs. There is an annual report and customer meeting on the Attachment K needs and solutions. FERC Order 1920, which BPA has indicated it intends to partially follow, includes reasonably extensive new rules on stakeholder participation in order for utilities to better understand and include stakeholder-driven needs and solutions in developing local transmission growth. Tacoma is concerned that BPA is trying to develop a new proactive planning process counterintuitive to the rules it already has in place for Attachment K reliability planning.

Tacoma Power suggests that BPA include its Grid Access Transformation as part of its reliability planning, especially its NITS forecasts, proactive planning and accelerate expansion solutions. Tacoma Power realizes that BPA's efforts to get through its transmission queue do not at this point

fall under the transmission reliability framework, but if BPA is successful in transforming to its grid of the future, reliability planning will fully encompass the solution framework BPA has established.

Issue #2 – Stability of Conditional Firm Product

One of BPA's stated solutions on Slide 10 is an Interim Service plan, to provide earlier access to the grid, via the use of Conditional Firm or 6NN awards, with informed risk (i.e. without being studied). BPA highlights on Slides 32-33, that number of hours and MWs BPA has curtailed since 2020, highlighting the stability of its Priority 6 products, Conditional Firm and 6NN. The stability of BPA's Conditional Firm product is such that it has been included as a viable product for demonstrating firm capacity commitments for the Western Resource Adequacy Program (WRAP), which is then used to meet the capacity requirements for Markets+. There is an active effort ongoing to have 6NN included as well to meet these capacity commitments.

However, BPA's Interim Service plan, which would allow it to issue Conditional Firm and 6NN service without a study and before firm service is available, substantially increasing the amount of Conditional Firm and 6NN granted, will likely result in a spike in curtailment of both products. BPA's plan is to grow the grid and, in the longer term, be able to firm up these offers into Long Term Firm and Network service. However, it is unknown how long that process will realistically take and if confidence is lost in the firmness of the Conditional Firm product, it very well may be removed as a viable product to demonstrate WRAP compliance. Tacoma Power asks BPA to carefully review its granting of Conditional Firm and 6NN to ensure that the system can sustain these awards.

Tacoma Power also notes that BPA discussed Conditional Firm as a singular product at the July 9-10 workshops, but in reality, BPA has two conditional firm products, Bridge and Reassessment. It is unclear from the meeting materials which Conditional Firm award (or both) BPA is considering issuing under its Interim Service paradigm, but the products are treated separately under the BPA Conditional Firm Service Business Practice. Tacoma Power notes that this Business Practice is currently out for revision, but also asks for clarity on the two types of Conditional Firm products would be awarded and then firmed up under BPA's Interim Service paradigm. If it is BPA's intention for the two products to remain available to customers, with one on a trajectory to faster firm service, Tacoma Power encourages BPA to be clear with customers on this strategy.

Issue #3 – Inequitable Issuance of Transmission Awards

BPA has stated quite clearly that it intends to continue to defer to NITS customers at the potential expense of other preference customers, including those Point-to-Point (PtP) customers who are using BPA transmission service to meet the needs of their retail customers. Tacoma Power questions the annual new normalized growth thresholds for NITS customers of 13MW per POD as being egregiously large. If every POD on BPA's system with a NITS customer grew 13MW every year and BPA encumbered that growth in its planning, Tacoma Power questions BPA's ability to maintain that level of growth and the expense that all customers would have to pay to support that growth. It is far more equitable for NITS customers' trended growth to be based on a percentage, as BPA has suggested and outlined on Slide 39. Tacoma Power also requests that BPA monitor to ensure that NITS customers do not simply forecast load growth that is unlikely to be realized simply as an effort to build available capacity at the POD, in order to entice a large load onto the system.

It is also certainly possible for BPA to calculate trended, normalized load growth for its preference PtP customers who use BPA transmission to meet retail load. BPA could hold that capacity in reserve, use it for short-term sales, and then issue firm transmission when those PtP customers request it. Preference customers who use BPA transmission service to meet retail customer loads should not have to wait in the queue process to receive a conditional award for that service, when NITS' retail load customers are guaranteed continued transmission service.

Additionally, BPA is considering options in its awarding of transmission service that run afoul of FERC's Open Access Transmission principles, which BPA has adopted in its OATT. On Slide 46, BPA suggests that it will establish different readiness criteria for different types of transmission requests. Additionally, on Slide 50, BPA suggests that "Other formal indications that the transaction will be used to serve load that exists or will exist during the period of the contract" be used as a metric to determine if a PtP award should be granted. Because PtP service is requested and granted for a fixed amount over the term of the TSR, and that is what the customer pays for, it is irrelevant and discriminatory to require the customer to provide any sort of indicator that the service will be used to serve load. For developer projects that have gone through BPA's interconnection process, BPA has already collected readiness criteria for those projects, through the FERC Order 2023 terms that BPA has adopted into its OATT. Beyond the requirements for requesting transmission in its OATT, which BPA should consistently follow, additional information concerning the readiness of a transmission request, whether it be for NITS or PtP service, and then adjudicating that information based on the type of request, is capricious and discriminatory.

Tacoma Power requests that BPA consider opening another window for transmission customers to be able to change products. The last time such windows were open, BPA was not facing the constraints that it is now and there was no real difference in being able to obtain firm transmission through either NITS or PtP. How the utility paid for that transmission service was the main factor to consider in choosing a product. As that paradigm is shifting, BPA should allow an opportunity for its customers to engage in a product switch, if such a switch is beneficial for the utility.

Issue #4 – Planning for Virtual Points

Tacoma understands and appreciates BPA's concern with virtual points and the complexities and planning requirements that they entail. Modifications to the treatment of these points must be thoroughly vetted and carefully detailed in BPA's plans as the region heads towards Day-Ahead Markets and Resource Adequacy Programs. While Alternative 3 proposes a workable solution, BPA must consider those who hold firm rights to *MIDCRemote* and the unintended consequences that may arise from the future inability to acquire long-term firm service at this point.

Furthermore, careful detail must be taken to define and determine what short-term versus long-term means in this context, and if a phased approach may benefit transmission customers. There may be unintended consequences such as a supplier may have transmission to *NWH* and the power supply purchaser has short-term, non-firm transmission away from *MIDCRemote*, creating a curtailment risk. These complex intricacies must be contemplated by Bonneville in their entirety. Additionally, related to Issue #2, if only Reassessment CFS transmission in the short-term market is available for *MIDCRemote*, it may harm the credibility of Conditional Firm Service if these reservations are subject to more curtailments than current conditions.

Tacoma Power appreciates the continued efforts of BPA to reinvigorate its transmission planning processes. Tacoma Power supports many of the changes that BPA has suggested and applauds the efforts to work faster and smarter in order to build a viable transmission grid.

Sincerely,

/s/ Leslie E. Almond

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