

June 12, 2020

RE: Comments on Bonneville's May 29, 2020 De Minimis Tests Workshop

Powerex appreciates Bonneville staff's continued efforts to engage its stakeholders on Bonneville's implementation of the De Minimis tests, and Powerex offers the following comments in response.

In sum, Powerex urges Bonneville to reject both options presented at the May 29th workshop and implement the De Minimis tests so that Test 2 is applied to short-term re-direct requests. Further, we ask Bonneville to address promptly any software limitations contributing that limit the implementation of Test 2. These steps would provide a timely resolution to this long-running customer engagement process and mitigate the devaluation of customers' long-term firm transmission rights. After implementing the De Minimis test as above, Bonneville should collect further data and perform additional analysis. If Bonneville identifies issues that require further engagement with customers, and further options need to be considered, such as a reasonable threshold that would cap the amount of De Minimis capacity, or decreasing the De Minimis test threshold from 10%, then those options can be brought to the customer group for discussion. Powerex hopes to be a collaborative partner with Bonneville in resolving this important issue.

Background

As previously stated, Powerex and other customers have long understood that the De Minimis tests described in the De Minimis Impact Dead-Band for Network Flowgates Methodology document would apply to all requests for transmission service, including original and re-directed requests for transmission service on both the long-term and short-term time horizons. Powerex entered the broad TC-20 settlement with the reasonable understanding that Bonneville was implementing its De Minimis tests in accordance with its written policies. As the restrictions on hourly firm were implemented pursuant to the TC-20 settlement, Powerex and others realized—and Bonneville subsequently acknowledged—that there was a gap between Bonneville's written De Minimis tests and Bonneville's implementation of those policies.

This gap has resulted in Bonneville granting, on the one hand, standalone short-term requests for transmission service, whereas, on the other hand, short-term redirects with a lesser net impact on the same flowgate are being denied, even though both requests would have a de minimis impact on a given flowgate. As a result, long-term firm ("LTF") customers, who previously believed their rights were interchangeable with other points based on the posted methodologies, have been forced to revert to lesser alternatives, such as using secondary redirects (that have less priority than hourly non-firm service); re-purchasing firm transmission rights across the same flowgates from others (increasing transmission costs), or needlessly modifying their LTF rights to more constrained paths using the more lenient long-term De Minimis criteria. Clearly, the gap has resulted in an erosion of value of LTF rights.

Bonneville's Proffered Options

Bonneville's May 29, 2020 workshop on the implementation of its De Minimis tests is the eighth customer engagement on these issues since Powerex and others raised concerns in July 2019. After this lengthy

engagement period, Bonneville has now offered customers two options, neither of which fully remedy customers' original concerns but which instead further limit the flexibility of LTF transmission service. These options do not present a satisfactory resolution as stated by many customers during the workshop. In Option 1, Bonneville would continue the status quo, where the status quo is defined as Bonneville's implementation after July 2019. This status quo option would continue a 10 percent threshold for Test 1 but would not apply any Test 2 to short-term redirects, thereby foreclosing the evaluation of redirects based on net impact. In Option 2, Bonneville would (1) apply a Test 2, albeit with a 3 percent threshold; but (2) decrease the current Test 1 threshold from 10 percent to 5 percent. Bonneville's May 29th presentation identified other alternatives, such as a threshold on De Minimis capacity, but Bonneville has not provided sufficient explanation as to why these alternatives were summarily eliminated from consideration.

Bonneville's supporting data and analysis for the two options are incomplete and fail to address customer's concerns adequately. Bonneville's concept of a "total impact," as used throughout the May 29th presentation, is not appropriate. Total impact and net impact are the same in this context. Bonneville considers "total impact" as simply the "standalone" impact of a request assuming no credits for any parent rights. In addition, Bonneville presents slides suggesting that transmission primarily used in a geographically distant location on the system (but which still impacts a given flowgate) somehow constitutes a different analysis as compared to transmission usage geographically closer to the constrained flowgate. But this geographic comparison is irrelevant and should not be a basis for making policy decisions – it is the impact to the flowgate that matters. If a redirect has a 4 percent (4 MW) additional net impact to a constrained flowgate compared to a 4 percent (4 MW) standalone impact to the very same flowgate, the total impact to the grid is the same regardless of the geographic location of the awarded transmission rights.

Bonneville also has not demonstrated that granting short-term firm redirects with a de minimis impact would present an immediate reliability concern. Bonneville's May 29th presentation shows a high volume of short-term redirects; however this does not mean that Bonneville is awarding a high amount of De Minimis capacity because many redirects that were confirmed required no De Minimis capacity (i.e., Bonneville determined that the redirect had a total impact less than or equal to the parent, meaning that ATC already exists on needed flowgates). Further, data concerning invalid redirect requests also is of no help to the analysis and should not be included in a volume analysis. Simply showing volumes of redirect activity does not support concerns about De Minimis capacity creating reliability issues in a given hour or day, especially given the fact that confirmed or invalid redirects in the previous year would not have impacted reliability. Moreover, Bonneville's worst-case, compounding effects assumptions do not support a conclusion that De Minimis capacity has actually been a concern – this is merely a hypothetical and is not based on actual system conditions experienced by Bonneville. The foregoing short-comings illustrate that the presented data or analysis do not support a reliability concern with implementing a De Minimis Test 2 for short term redirects.

Bonneville's Options Are Unnecessarily Narrow and Do Not Adequately Address Customer Concerns

Given the paucity of supporting data and the limited analysis, Powerex does not support either Option 1 or Option 2. Option 1 (the status quo option) provides no relief from the Bonneville's current implementation of the De Minimis tests. The continuation of the status quo presents a devaluation of the customers' long term firm transmission rights. Both Option 1 and Option 2 would wrongly perpetuate a difference in treatment of the rights to transmission based on whether the request is a firm redirect or an original stand-alone request. Powerex believes this is not a sound approach, and it still remains concerned about the disparate treatment of original and redirect requests receiving different treatment (e.g., the former is granted when the latter is not)



when they may have the very same de minimis impact on a given flowgate. Neither Option 1 nor Option 2 present a satisfactory resolution to customers' concerns.

Bonneville Should Implement Test 2 for Short-Term Redirects

Powerex urges Bonneville to implement the De Minimis tests as presently written, which includes applying both De Minimis tests—including Test 2—to short-term redirects.

After implementing Test 2, Bonneville should monitor the effects of the implementation and collect and provide further data and analysis to customers. This more in-depth analysis should evaluate the magnitude of the De Minimis capacity during periods of constraint. The analysis also should track whether the net impacts of awards granted through the De Minimis tests are becoming too significant, as measured against a reasonable standard. Powerex expects that Bonneville would engage stakeholders in the evaluation of additional data and any conclusions that might be reached. If Bonneville's foregoing data and analysis show a material reliability impact from accumulated capacity in a given interval from granting short-term redirect requests that pass both De Minimis tests, Bonneville should work with customers to consider other options that would be less detrimental to customers.

One such option could be a managed threshold, which appears to align with Bonneville's de minimis test policy goals and its decision criteria. A managed threshold limit on the collective amount of De Minimis capacity in a given hour may be appropriate. A threshold approach provides several advantages. Such a threshold would retain the existing flexibility for LTF customers to use short-term redirects with only a de minimis impact. A threshold also should address any Bonneville concerns about the cumulative De Minimis capacity creating a reliability concern because Bonneville would no longer grant short-term requests with a net positive impact on a given flowage once the threshold is reached. Moreover, a threshold would not differentiate between short-term original and redirect requests, and the net impacts both types of service requests could contribute equally to the De Minimis capacity threshold and would be applied on a first come first serve basis. Further, an aggregate threshold also would account for transmission activity shifting to original requests and any subsequent potentially high levels of De Minimis capacity awarded. Finally, should Bonneville determine, with stakeholder engagement, that the threshold is reached frequently, Bonneville might then engage with stakeholders and discuss whether lowering the applicable percentages in the tests would be appropriate.

Powerex appreciates Bonneville engaging customers on this very important topic. However, Bonneville's timeline for resolution as presented at the May 29th workshop requires modification. Powerex hopes that Bonneville will consider and respond to this round of customer comments at a future workshop before issuing a draft decision. The process to resolve this issue has been lengthy, but Powerex urges Bonneville not to follow the outlined timeline for a decision based on the inadequate Options 1 and 2 and instead further engage with customers and stakeholders.

Sincerely,

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