NITS CUSTOMER GROUP COMMENTS IN RESPONSE TO BPA'S PROPOSED REVISIONS TO THE NETWORK INTEGRATION TRANSMISSION SERVICE BUSINESS PRACTICE

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Below are comments provided by the NITS Customer Group[1] in response to BPA's proposed revisions to its Network Integration Transmission Service (NITS) Business Practice (BP). Although the NITS Customer Group maintains an overarching concern with BPA's definition of "Non-Trended Load Growth", we submit these comments with the following primary objectives:

(1) Enabling BPA to restart the processing of load and resource forecasts (LARCs) of its NITS Customers as soon as possible, which has been paused for nearly two years; and

(2) Providing needed clarity to the revised NITS BP to ensure that (i) its interpretation and implementation are based on the same common understanding between BPA and its NITS Customers, (ii) it can be readily explained to affected end-use consumers, and (iii) unintended consequences are kept to a minimum to the extent possible.

We understand and appreciate the tension between the two above objectives. We want BPA to both move quickly on the BP so it can restart the processing of LARCs but also require the BP to be clear, fit for purpose, and overall workable. As demonstrated by our comments below and associated redline to the draft BP, the BP as originally proposed does not fully satisfy the second objective above. Accordingly, we recommend that BPA hold another round of comments following BPA's release of an updated draft of the BP based on these comments.

Our comments generally orient around specific themes, as described below.

A. <u>Codify and clearly articulate how BPA will apply existing encumbrances to LARCs</u>

[1] The NITS Customer Group includes Benton REA, City of Forest Grove, Clatskanie PUD, Columbia River PUD, Clark Public Utilities, Eugene Water and Electric Board, Flathead Electric Cooperative, Klickitat PUD, McMinnville Water & Light, Northern Wasco PUD, Northwest Requirements Utilities, PNGC Power, Umatilla Electric Cooperative, and Western Public Agencies Group.

During the multi-year NITS BP development process, BPA stated that NITS customers will be able to apply existing firm transmission encumbrances to existing and future load growth. BPA has also made clear its intent to tie specific resources to specific loads.

Without a better articulation of the procedures under which a NITS Customer may apply its firm transmission encumbrances, BPA risks stranding these firm transmission rights, or worse yet, conducting commercial evaluations and studies that may ultimately result in double-encumbering Available Transfer Capability or lead to unnecessary commercial evaluations, studies, and transmission system reinforcements. We are especially uncertain as to how encumbrances that BPA may have provided since late 2024 will, or will not, apply under BPA's proposed section O of the NITS BP.

Therefore, we propose that BPA make specific revisions to clarify the procedures for how a NITS Customer may attribute encumbered firm transmission capacity in the form of CONFIRMED FTSRs, Designated Network Resources, and Behind The Meter Resources toward both pending, unstudied LARC(s), including for Non-Trended Load Growth (NTLG), and to all future LARC evaluations, prior to BPA determining a need for a commercial evaluation.

In addition, the NITS Customer Group requests that proposed Section C.4 expressly distinguish between (a) an FTSR in STUDY status, which does not yet confer firm transmission rights, and (b) an FTSR in CONFIRMED status, which does. Conditioning firm rights on energization of a plan of service — a process that can span ten or more years — is inconsistent with how firm transmission rights are recognized elsewhere in the OATT and the existing BP, and would leave load growth and new resources stranded on Secondary or Conditional Firm Service for the entire study/build/energize cycle. This is especially true given that, at the time that a NITS Customer forecasts its load growth (especially over a 20-year horizon) the resource information is not always certain. BPA's policies should be flexible to accommodate a range of resource forecast scenarios especially as BPA begins to conduct proactive 20-year transmission planning.

We have proposed revisions to section C.4 and C.5, as well as E.3 and E.4 to address NTLG, to reflect the forms of encumbrances that a NITS Customer may apply toward its LARC and that BPA should consider during its evaluation. These proposed revisions, and any other described below, have been applied to a clean version of BPA's proposed NITS BP.

B. <u>Clarify queue times</u>

Section B.5 of BPA's proposed NITS BP indicates that each year, the NITS Customer's load and resource forecast will receive a new queue time as of the date and time that BPA

receives the email containing the LARC. We disagree that the entirety of a NITS Customer's LARC should receive an updated queue time with each successive LARC. Instead, we propose that the queue times vary based on the information included. For forecast load growth that is not associated with New Network Load, we propose the queue time will be the date and time of the original executed NITS Agreement. This treatment of organic, systemic load growth is consistent with BPA's existing tariff planning obligation to plan for its NITS Customers' reasonably forecast load and resources over the transmission provider's planning horizon. This obligation for load growth aligns to the original application for service and requires no update over time.

Further, we propose that the queue time for NTLG should be the earlier of (1) the email date/time stamp of the initial LARC submittal that included the NTLG, or (2) the email date/time stamp of the initial LARC submittal containing the resource that the NITS Customer identifies to serve the NTLG. We propose this modification to reflect the situation where a NITS Customer forecasts a resource prior to the inclusion of the NTLG in its LARC. Lastly, we propose that the queue time for forecasts of non-federal resources will be the email date/time stamp of the initial LARC submittal containing the non-federal resource.

The proposals described above would align better with sections 29.2 (Application Procedures), 30.2 (Designation of New Network Resources), 31.2 (New Network Loads Connected With the Transmission Provider), and 31.3 (Network Load Not Physically Interconnected with the Transmission Provider), which all govern modifications of service and the treatment of new Applications of NITS Customers.

We have proposed revisions to section B.5, D.3, and G.1.a to reflect these comments.

C. Remedying deficiencies

BPA's proposed sections B.7.a and C.2 indicate that, where a NITS Customer fails to remedy deficiencies in its LARC or in a Data Exhibit, BPA will consider the entire LARC for that year null and void and not process any portion of the NITS Customer's load and resource forecast. The NITS Customer Group strongly disagrees with this proposal.

First, a NITS Customer's LARC is likely to include many different elements, including (but not limited to) load growth that is "trended", updates to existing NTLG, forecasts of new NTLG, forecast changes to existing Designated Resources, as well as forecasts of new resources. BPA must evaluate the information relevant to each element independently, and each element should be able to satisfy BPA's requirements on a stand-alone basis. As a result, BPA should not disregard the entirety of a NITS Customer's load and resource forecast due to that customer's failure to remedy a specific deficiency relevant only to one

piece of the LARC. To throw out the entire LARC, which may include satisfactory information in other areas, jeopardizes NITS Customers' ability to contract with forecasted resources and plan for their own load growth needs on a timely basis. To underscore this concern by example, a NITS Customer's forecast of a resource that otherwise satisfies all of BPA's information and attestation requirements should never be discarded because of informational deficiencies associated with a wholly different forecasted resource.

Similarly, BPA's notification to a NITS Customer that a Data Exhibit is required may occur well after the initial submission of a LARC, and after BPA has determined that the individual components of the LARC constitute a valid submission. Similarly to the preceding paragraph, BPA should never discard a NITS Customer's entire LARC, one which BPA already deemed to be valid, based on a Data Exhibit deficiency associated with a single component that may be unrelated to other aspects of the load and resource forecast.

Rather, BPA must specify in its correspondence with the NITS Customer the exact information in the LARC or the Data Exhibit that is deficient and that requires remedying. To the extent that an aspect of a NITS Customer's LARC or Data Exhibit is deficient, and such deficiency bears on BPA's evaluation of other aspects of the LARC, BPA must specify this relationship in its customer communications as well. Where the deficiency is sufficiently narrow and does not weigh on BPA's evaluation of other aspects of the LARC, however, BPA must accept all other aspects of the NITS Customer's LARC that otherwise satisfy the information requirements.

Finally, we request that BPA adhere to its obligation in section 29.2 of its tariff to notify the NITS Customer if any of the information in its LARC submittal is deficient within 15 days of receipt. BPA's timely evaluation and notification of the LARC's completeness will establish transparent and consistent expectations for all parties involved with the LARC Process and ensure that NITS Customers can remedy deficiencies early in the LARC Process. Moreover, aligning to this notification timeline is consistent with BPA's own reliance on this same tariff section in establishing the LARC information requirements. Similarly, we request that BPA allow for an additional 5 business days for NITS Customers to remedy deficiencies in either the LARC, Data Exhibit, or NTLG Facility Evaluation form, when requested by the customer. Because BPA's evaluation and response to a NITS Customer's LARC historically takes up to 180 days, providing for an additional 5 business days at the request of a NITS Customer (on top of BPA's proposed 10-business day response requirement) should not add meaningful length to BPA's evaluation.

We have proposed revisions to section B.7 and C.2 to reflect these comments.

D. BPA's "sole discretion" to determine NTLGs

The NITS Customer Group is concerned with aspects of BPA's determination of a NTLG. BPA's proposed Business Practice states that the determination of whether a load at a specific consumer facility qualifies as NTLG is at BPA's "sole discretion". Though we understand BPA's interests in providing timely response and efficiently processing submitted LARCs, we urge BPA to provide additional clarity on its decision making. Because BPA's decision of whether a facility qualifies as NTLG critically influences the time and processes that may be necessary to serve such load, BPA must clarify how it will evaluate the information submitted by NITS Customers in the NTLG Facility Evaluation form.

We note that BPA lists seven yes/no questions and one question regarding the resource under the "Facility Criteria" section of the NTLG Facility Evaluation form. However, it is unclear how BPA will arrive at its decision. Will a certain number of "yes" responses trigger a NTLG designation? Do some questions hold a higher weight than others on BPA's determination? How will a NITS Customer's response to question 2.c (whether the facility may be served by the FCRPS or a non-federal resource) factor in BPA's determination? Will the responsibility for determining NTLG rest with the NITS Customer's Customer Service Engineer? A group within BPA? As currently proposed, the process for BPA to arrive at such a significant decision for its NITS Customers is unclear.

At a minimum, BPA must provide written explanation for its determination within the closeout letter to the NITS Customer at the conclusion of the LARC Process. This explanation must provide a clear, objective, consistent formulation for its decision making, as well as opportunity to meet and discuss the determination with the specific NITS Customer. The NITS Customer Group is concerned with an opaque and subjective application of the listed criteria, and the potential for inconsistent application across customers given lack of transparency on how BPA will administer and evaluate the NTLG Facility Evaluation form.

Concerns over inconsistent and/or subjective application of determining NTLG are further exacerbated by BPA's proposed revision to section E.6.c, wherein BPA may subject any increase at a POD of 13 MW or greater to "additional evaluation" to determine if the load growth is attributable to one or more specific NITS Customer end-use facilities. We believe this is unnecessary and an overreach given BPA's decision to apply the NTLG policy on a per-facility basis. It is the NITS Customer's responsibility under the OATT to forecast its load growth needs at each of its PODs; additionally, it must also submit an NTLG Facility Evaluation form for specific load facilities that are expected to increase by 13 MW or more between forecast cycles. BPA is also proposing to require NITS Customers to consult with

their BPA Customer Service Engineer when planning for load growth; it is our perspective that any requirements to submit an NTLG Facility Evaluation form will occur organically through this coordination process. As a result, we recommend striking BPA's proposed section E.6.c.

Finally, we urge BPA to provide for a specific avenue for the NITS Customer to dispute BPA's NTLG determination. Again, given the gravity of BPA's NTLG designation, the determination of whether a load is NTLG must include coordination with and the perspective of the NITS Customer, just as BPA does in determining the Agency Load Forecast.

E. Reserving Transmission Capacity for NWHUB-related Transactions

In the TC-27 process, BPA staff is proposing to make NWHUB the only virtual point available to NITS customers in the long-term market, and remove MIDCREMOTE. This generally appears acceptable for NITS customers, except that Sections F.4.b and H.2.c of the proposed NITS Transmission Business practice requires that for designations of NWHUB as the POR, the upstream transmission service must be provided within the DNR. Unfortunately, this makes the TC-27 virtual points construct unworkable on a long-term basis as the upstream source(s) of generation for market purchases (under contracts such as the WSPP and EEI templates) vary diurnally and seasonally.

We recommend BPA strike sections F.4.b and H.2.c from the proposed business practice language to allow the TC-27 virtual points construct to be functional. We believe this approach is reasonable in support of the TC-27 policy goals, supports efficient functioning of wholesale markets, and does no harm to BPA or other parties particularly in light of the fact that service from NWHUB would be on a Reassessment CFS basis with no physical plan of service or system investments to achieve priority 7 firm service.

F. Miscellaneous

1. BPA should conduct a public stakeholder process where it proposes to revise the LARC template (see section B.2.b of BPA's proposed BP). We have proposed a revision to section B.2.b to require BPA to subject material changes to the LARC template to a public stakeholder review process.
2. We propose a revision to section C.3 and L.2 to de-link specific resources from NITS loads. NITS is a service that allows load to be served from a portfolio of resources, including existing designated Network Resources, and therefore we propose a clarification to address this apparent limitation. Our clarification resembles similar existing language BPA includes in Sections E and J.7.
3. We propose revisions to Section C.5 to specify that BPA will send a response letter following completion of evaluation of the NITS Customer's LARC, specifying the

loads, resources, transmission encumbrances, and FTSRs (CONFIRMED and STUDY) resulting from BPA's evaluation, as well as the transmission impediments identified by BPA in its evaluation.

4. We urge BPA to broaden the Section E.6.a.iii baseline, to consider situations where an existing load facility has been in operation and has yet to be specifically identified in a prior LARC. As drafted, the language gives any facility not previously identified in a LARC a baseline forecast of zero MW. This leaves at risk legacy facilities that have been in operation for years but were historically forecast at the Point of Delivery aggregate level or otherwise not itemized as a discrete facility in the LARC. The NITS Customer Group requests that a carve-out be considered that includes any existing, energized facility for which the NITS Customer can demonstrate historical operation (e.g., metered load history), and that, where such evidence is provided, the baseline be set to the higher of the historical metered peak or the existing applicable encumbrance rather than zero.
5. We request that BPA define or clarify the following terms:
    a. "Commercial" as referred to transmission evaluation or planning, as this is not defined either in BPA's tariff or business practices (e.g., see sections C.1, C.2.b, C.5.b, E.3, F.1 of BPA's proposed business practice).
    b. "End-use consumer facility" for purposes of attributing the NTLG designation (e.g., see sections E.6, E.6.a of BPA's proposed business practice).
    c. "Accepted" as it relates to the NITS Customer's LARC (e.g., see sections C.4, C.5, E of BPA's proposed business practice). How does this term relate to BPA's conclusions about information contained in a LARC? Are portions subject to BPA's rejection? Given this uncertainty, the NITS Customer Group has proposed striking the use of this term unless BPA alternatively can clarify how the term may be used within BPA's evaluation and response.
6. We urge BPA to clarify how it will evaluate and plan for the load forecast contained in NITS Customer's LARC. Specifically, we note that BPA allows its NITS Customers to forecast load growth out over a 20-year horizon. However, nowhere in BPA's proposed NITS BP is information on how BPA will plan for load growth over this long-term horizon. Currently, the purpose and value of a NITS Customer forecasting beyond 10 years is unclear.
7. BPA's proposal to potentially require participation in commercial planning for forecasted non-federal resources to serve load growth that is not New Network Load removes one of the few positive changes discussed during the reform process. BPA should reconsider this policy and include non-federal resource forecasts to serve "trended" load growth through BPA's reliability system assessment process. In particular, the NITS Customer Group requests that BPA document the basis for

the asymmetric treatment in Section F.7 between trended load growth served from federal resources (handled through the existing AREF tied to FCRPS, with no new FTSR or STUDY status) and trended load growth served from non-federal resources (a new or modified FTSR with potential STUDY status and commercial-study process). Preference utilities are increasingly required to serve a portion of their loads with non-federal resources, and imposing a procedural premium on portfolios that integrate non-federal generation runs counter to BPA's open-access obligations. To the extent additional process is genuinely needed for non-federal resources (for example, to verify upstream firm transmission), the NITS Customer Group requests that BPA describe the limited triggers in the BP rather than apply a categorical procedural penalty.

8. The NITS Customer Group remains confused as to the necessity of revising the definition of "New Network Load" to include NTLG. In our view, New Network Load generally refers to load that already exists but was previously not a part of the NITS Customer's Network Load. Adjusting the definition to include NTLG stands out as an altogether different concept. Further, the revised definition of "New Network Load" now references "Non-Trended Load Growth" and the proposed definition of "Non-Trended Load Growth" references "New Network Load". These circular and self-referencing definitions are ambiguous and clarify little about what Non-Trended Load Growth actually is. Moreover, we note that BPA staff has indicated verbally that it does not intend to capture residential or other organic loads within the NTLG policy; however, nowhere in the current proposal does BPA protect against this from occurring. We therefore recommend BPA provide additional language in the definition of NTLG to describe the type of load that the policy is designed to account for (i.e., large in magnitude, quickly arriving) to help distinguish NTLG from other types of loads and load growth and prevent unintended consequences.
9. The NITS Customer Group requests that BPA restore the collaborative forecasting language deleted from Section B.1. V15 of the NITS BP provided that "[t]he data submitted and/or confirmed by the NT Customer informs BPA's Long-Term transmission planning and future TSEP cycles" and that "[t]he NT Customer's BPA forecaster works with the NT Customer to meet the annual forecast update obligation." V16 deletes both. Removing this language signals, and ultimately codifies, a shift from a collaborative forecasting relationship to a transactional compliance posture, which will be felt most acutely by smaller preference utilities that rely heavily on BPA Account Executive and forecaster support. The NITS Customer Group strongly requests that the deleted language be restored.
10. We recommend BPA add a graduated cure pathway, with Account Executive escalation, before BPA suspends further evaluation under Section C.2. As drafted,

Section C.2 operates as a binary cutoff with no notice/cure mechanism beyond the 10-Business-Day window. Limited to a discrete deficient resource or load, paired with AE-level escalation, this consequence becomes proportionate to the deficiency; left as a categorical "will not proceed with commercial planning" trigger, it gives BPA an all-or-nothing lever over the customer's entire portfolio.

11. We are proposing other ministerial revisions, and have noted such revisions as "ministerial."

Thank you for your consideration of these comments.