

TECHFORUM

January 22, 2016

Seattle City Light's Comments re: BPA Transmission Southern Intertie Hourly Non-Firm Options

Dear Ms. Fredrickson,

Seattle City Light (Seattle) appreciates the opportunity to provide feedback on BPA's exploration of possible alternatives to preserve the value of long-term service on the Southern Intertie. Seattle reiterates a request that BPA collaborate with the California Independent System Operator (CAISO) and initiate a stakeholder process to address wider issues between the two markets.

Seattle sees value in taking action to incent continued investment in long-term service on the Southern Intertie and is open to considering a range of mechanisms to achieve this objective. BPA's initial staff leaning suggests a two pronged approach, consisting of both a rate and non-rate alternative. While rate and non-rate action may be useful in affecting behavior, the heart of the matter is the CAISO market design. Seattle renews its recommendation that BPA engage regionally and explore collaborative solutions with the CAISO where areas of mutual interest exist. Collaboration will only continue to gain importance as the CAISO footprint grows. Forging a more robust dialogue with the ISO will benefit all parties as seams issues emerge and as regional market activities continue to evolve and expand.

In addition to increased coordination and engagement with the CAISO, Seattle recommends BPA take a graduated approach to this issue by implementing non-rate alternatives first, evaluate their success retaining long term service on the Intertie, then pursue rate alternatives if long-term service shows signs of waning. BPA staff is contemplating a non-rate action of selling hourly non-firm once or changing the release time. Seattle could support changing the release time to the scheduling day, closer to the scheduling deadline. Seattle is not necessarily opposed to a rate design change if justified or if non-rate based alternatives fail, but sees rate changes as a logical second step.

Should BPA make a determination to proceed with either non-rate or rate based changes, Seattle requests that BPA monitor the impact on long-term service on the Southern Intertie. After a meaningful period of time has passed, Seattle asks that BPA hold a workshop to report how the changes enacted have affected all uses of the Southern Intertie. If additional action is needed, then it can be taken at that time.

Seattle appreciates the continued opportunity to provide input on BPA's proposed actions relating to the Southern Intertie. Should you have any questions about these comments, please don't hesitate to contact Sarah Davis at sarah.davis@seattle.gov or 206-386-4537.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Cromwell, Jr.", written over a light blue circular stamp.

Robert W. Cromwell, Jr.

Director

Power Contracts, Resource Acquisition, and Regional Affairs