

**BPA Southern Intertie Hourly Non-Firm Transmission
Public Generating Pool Comments
October 28, 2015**

PGP appreciates BPA's willingness to engage customers and find workable solutions to the shifting value of long-term firm transmission service on the Southern Intertie due to the different practices of the transmission service providers of the path. It is important that Northwest parties that purchase long-term service over the intertie receive a fair and equitable share of the economic benefits provided by the Southern Intertie and that BPA act quickly.

Top Three Alternatives

PGP believes the ideal solution for ensuring the value of long-term firm transmission on the Southern Intertie for Northwest parties consist of a collaborative approach with CAISO and other BAAs to share congestion rents and address seams issues. BPA should begin engaging the CAISO and other BAAs in collaborative discussions immediately and in parallel with other unilateral actions.

While working towards a collaborative solution with CAISO and other BAAs, BPA should implement a unilateral solution that fairly prices hourly non-firm transmission service on the Southern Intertie as soon as possible. The current rate should be increased to an amount that is material, in a price range similar to what the CAISO and other BAAs price their export transmission. The methodology for calculating the rate should also be simple to explain and implement and must be defensible. The following rate alternatives appear to match these criteria:

- Set rates based on historical usage. Adjust 80 hour per week assumption used to calculate HNF rate based on observed use of HNF.
- Set rates by adjusting the number of hours with "high value". Adjust 80 hour per week assumption used to calculate HNF rate based on average number of hours per week where use of transmission has significant value

Although PGP would like to understand BPA's thoughts on what rate solution BPA believes best meets the criteria outlined above.

In addition to a rate increase to hourly non-firm Southern Intertie transmission, PGP believes the following non-rate alternatives should be considered.

- BPA proactively issues curtailments on the Southern Intertie prior to the interval. Results in BPA issuing curtailments instead of waiting until real time when the sink (primarily BAs on the Southern half of the line) would issue curtailments.
- Proactively curtail LTF during line de-rates. Reduce LTF rights pro-rata with line de-rates.

PGP would like to better understand the impacts of the above alternatives and the work, people, process and time required to implement these solutions. PGP would also ask BPA to analyze the legal/regulatory impacts of the above alternatives, along with the near-term and longer-term impacts the alternatives have on the NWPP MC effort.

Bottom Three Alternatives

PGP would not support BPA not making any changes to rates or business practices and just continuing to monitor the situation.