

May 30, 2018

**Via Email (techforum@bpa.gov)**

U.S. Department of Energy  
Bonneville Power Administration  
Transmission Services

**Re: Comments of Tacoma Power on BPA's TC-20 Process**

Tacoma Power appreciates BPA's efforts to improve its transmission service offerings. In engaging the region first with the Pro Forma Gap Analysis (PFGA) and now with an Open Access Transmission Tariff (OATT) development process as part of the TC-20 process, BPA has taken on a substantial burden for the intended benefit for users of the Federal Columbia River Transmission System (FCRTS). While it is Tacoma Power's hope that at the conclusion of this undertaking, all transmission customers of BPA will generally be better off as a result, the overall impression Tacoma Power has to this point is that we are likely to experience increased costs, challenges, and uncertainties as a result of BPA advancing these processes.

In December, Tacoma Power filed comments with BPA highlighting three major concerns emerging from the PFGA in the areas of hourly firm transmission service, conditional firm point-to-point (PTP) transmission service, and the means by which BPA would amend its OATT in future proceedings. In summary, Tacoma Power requested that BPA:

1. Work to develop a means by which it can continue to offer hourly firm transmission service while respecting the imperative of maintaining system reliability and preserving the rights of long-term transmission service holders;
2. Refine its conditional firm PTP offering so that generation resources using the product in adjacent balancing authorities can continue to be operated as portfolio, just as they are today; and,
3. Maintain a substantive standard for any future changes to its OATT to help assure that no preferential actions are to the detriment of a particular class of customers;

Regrettably, these requests have not been embraced or possibly even in some cases, not even deeply considered. What is also troubling is that these issues and many others have yet to be addressed and we are only four months away from the conclusion of the TC-20 stakeholder engagement process. Accordingly, Tacoma Power is very concerned with the apparent trajectory of TC-20. While we accept the premise that BPA can improve the manner in which it provides transmission service to the region if it holistically revises its offerings as part of the TC-20 tariff revision process, we urge BPA to move in a cautious, deliberate, and comprehensive manner in undertaking proposed changes to its service offerings.

### TC-20 Timeline

The goal of completing the TC-20 process concurrently with the BP-20 rate process is laudable. There are certainly procedural efficiencies to be achieved by holding two processes concurrently. Also, certain changes to BPA's transmission service offerings are either overdue or necessary to help the agency acclimate to changing industry conditions. However, Tacoma Power believes that these benefits are now outweighed by a necessity to give sufficient time, resources, and consideration to the many issues BPA needs to resolve before it can implement changes to its transmission service offering.

In addition to the three areas of concern raised by Tacoma Power above, BPA has identified the following issues to address with respect to its current transmission service offering: Ancillary Services, Attachment G (NOA), elimination of network transmission (NT) Conditional Firm, Attachment M and NT redispatch, addressing rollover and minimum 5 year term requirements, generator interconnections (Attachments L and N), losses, price cap and financial middleman, applicability of new tariff, opt-in opportunities, and two tariff administration. In many instances, we do not have even a straw proposal or alternatives to consider with respect to these issues. This leaves little time to propose, consider, debate, and ideally resolve these issues prior the customary September deadline for informal stakeholder processes to substantially conclude.

Tacoma Power requests that BPA extend the TC-20 process timeline, perhaps by an undetermined amount, so that it can conduct a meaningful stakeholder revision process, prior to initiating a formal administrative proceeding.

### Pro forma as a standard for BPA

BPA currently provides highly reliable, economical, and flexible transmission service to the region. If BPA has an opportunity to better that service offering by embracing a new technology, market platform, or business process that further unlocks the value of the FCRTS, then BPA should pursue that opportunity. To the extent embracing additional elements of the pro forma tariff enables that goal, Tacoma Power is supportive. However, Tacoma Power is opposed to BPA making changes to its transmission service offerings when those changes have detrimental consequences and are undertaken simply to align with pro forma standards.

Tacoma understands BPA's intention of favoring adoption of the pro forma standard and deviating from it when it helps to: 1) implement BPA's statutory and legal obligations, authorities, or responsibilities; 2) maintain the reliable and efficient operation of the federal system; 3) prevent significant harm or provide significant benefit to BPA's mission or the region, including BPA's customers and stakeholders; or, 4) align with industry best practice when the FERC pro forma tariff is lagging behind industry best practice, including instances of BPA setting the industry best practice. However, we are opposed to dogmatic application of this framework that considers certain elements on a

minimal level of analysis. After all, pro forma standards were developed over 20 years ago for the purpose of setting generic expectations for jurisdictional utilities nationally. Significant and valuable deviations have emerged in BPA's transmission service offerings and some of these deviations should be retained. BPA should be prepared to conduct a detailed assessment of many relevant facts and circumstances. A decision to proceed with a proposed change should only occur after a finding that it will result in overall net benefits to BPA's transmission customers.

The issue confronting BPA currently that most demands this kind of detailed analysis is a determination of what to do with hourly firm PTP transmission service. Hourly firm service has been a long standing offering of BPA and it provides foundational support for the region's wholesale bilateral energy market. Eliminating hourly firm PTP service for the sake of simply adopting a strict interpretation of pro forma service or to establish priority for one form of transmission service over another is not acceptable because it would waste many of the efficiency benefits that this product provides when congestion is not present and system reliability is not a pressing concern. Under these circumstances, BPA's making available unlimited quantities of hourly firm transmission is probably an industry best practice. However, the current marketing practice of making the product available in an unlimited fashion during virtually all hours of the year needs to change, but these reforms can occur incrementally through operational decisions and in business practices outside the context of BPA's OATT change process.

### BPA OATT Changes

In recent statements BPA has identified itself as "A dependable and responsive business partner." Tacoma Power has struggled to reconcile dependability with changes to BPA's transmission service offerings that have been contemplated to occur as part of the TC-20 process. In Tacoma Power's view, dependability as a business partner means making commitments and then behaving consistently with those commitments. As explained below, Tacoma Power does not perceive BPA's proposed changes to its prior commitments as consistent with that standard.

First, BPA's existing OATT and many current service agreements with customers contain the commitment that "BPA may change the terms and conditions of the Tariff upon, and only upon, a determination by the Commission that such change is just, reasonable and not unduly discriminatory or preferential."<sup>1</sup> In many settings, we have received verbal assurances that BPA intends to honor those agreements by leaving the existing OATT in place. However, there has been little to no definition as to how that will be accomplished in light of BPA implementing a new tariff with presumably different specifications for its transmission service offerings. For example, can BPA completely eliminate hourly firm transmission or restrict new requests for long-term transmission

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<sup>1</sup> Service Agreement for Point-to-Point transmission executed by the United State of America Department of Energy acting by and through the Bonneville Power Administration and City of Tacoma, Department of Public Utilities, Light Division (January, 1998).

when both are explicitly provided for under the existing OATT?<sup>2</sup> BPA has yet to address this question.

Second, Tacoma Power believes that it is appropriate for BPA to commit to substantive protections against future changes to the OATT that go beyond minimum levels of compliance with federal statutes. As an owner and operator of non-federal generating resources, we truly feel as though we are left exposed to future changes to BPA's OATT that will result in preferential treatment to other uses of the FCRTS, such as the delivery of Federal power and service to loads. In our view, providing transmission service that is just, reasonable and not unduly discriminatory or preferential is paramount for BPA and should be a contractual obligation of the agency, regardless of whether or not it is truly redundant with statutory protections.

Finally, though Tacoma Power is hesitant to settle with BPA on new transmission service terms and conditions, it would be very helpful to Tacoma Power's acceptance of a new OATT if BPA could clearly define all other important service commitments. Establishing BPA's right to revise the new OATT without direct FERC oversight is discomfoting when many important issues with respect to BPA's transmission service offering will be defined in later proceedings. Such issues include, excluding undesignations for firm market sales of less than one year, Attachment C (ATC Methodology), Attachment K (Regional Planning), PTP and NT agreement templates, simultaneous submission window (SSW), and creditworthiness. Accordingly, Tacoma Power urges BPA to set aside additional time in the TC-20 process to resolve these issues.

Tacoma Power appreciates BPA's consideration of these comments.

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<sup>2</sup> See Bonneville Power Administration Transmission Business Line Open Access Transmission Tariff §§ 1.45, 13.8, and 17.