



Ancillary Services

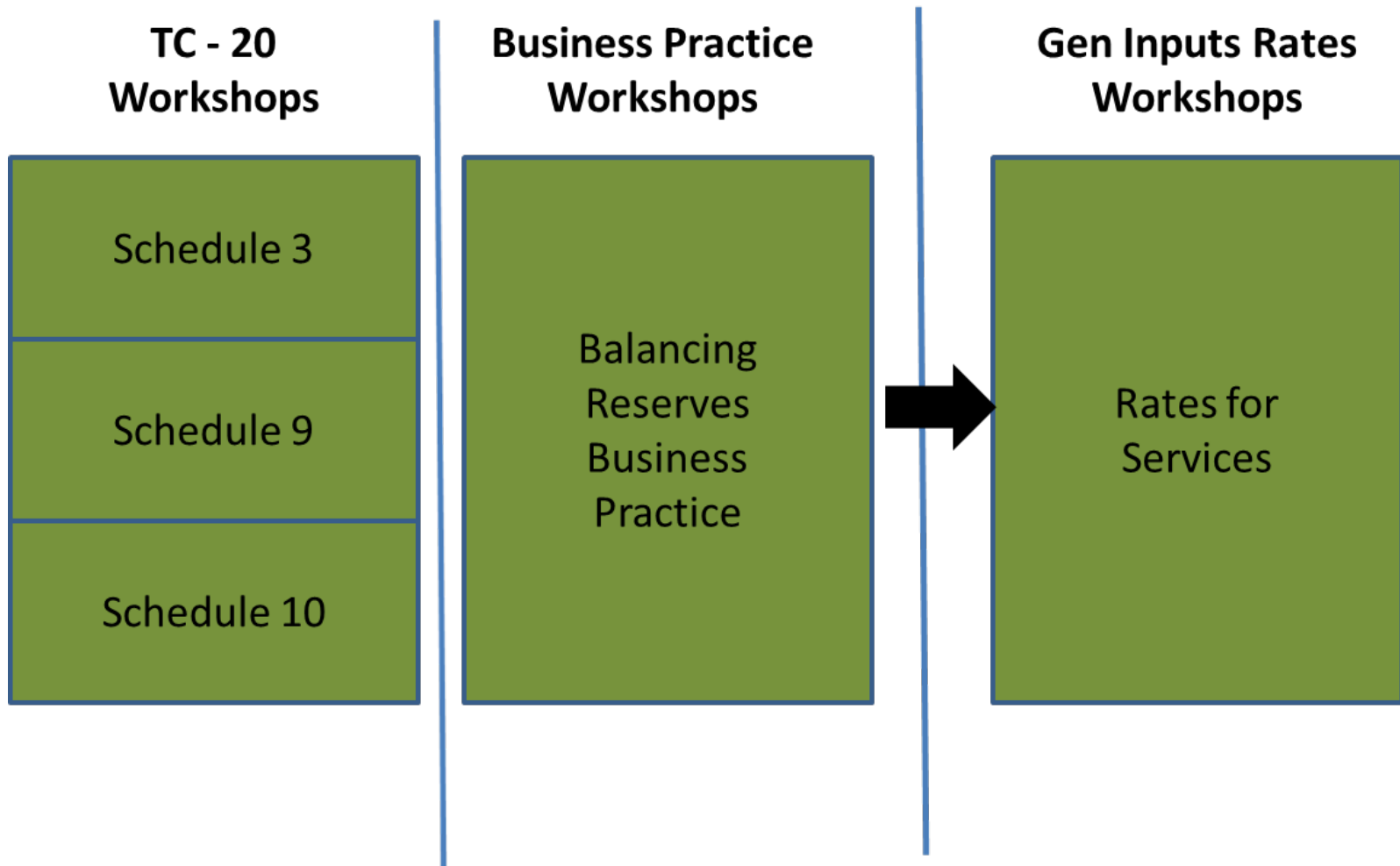
1. What is the *pro forma*?

FERC *pro forma* tariff includes:

- FERC *pro forma* language for Schedule 3 “Regulation and Frequency Response Service” includes language requiring the Transmission Provider to take into account the speed and accuracy of regulation resources in its determination of Regulation and Frequency Response reserve requirements
- FERC *pro forma* Tariff includes a Schedule 9 “Generator Imbalance Service”
- FERC elected to not adopt a standardized Schedule 10 for generator regulation services. Instead they will consider individual proposals brought by transmission providers.

Ancillary Services

Presented at the April 23, 2018 workshop



2. What did we hear?

Schedule 3

- Limited number of comments, but those received were supportive of adding language for speed and accuracy.

Schedule 9

- Lack of clear guidance as to what “physically feasible” means under the *pro forma* and how a transmission provider is to go about determining how to implement it.
- There is nothing in Schedule 9 clarifying that BPA’s legal obligations to its preference customers shapes the extent of its obligation to generators under Schedule 9.
- “Physically feasible” language potentially conflicts with proposed Schedule 10 and the underlying draft Balancing Reserve Business Practice (the “Draft Business Practice”) incorporated therein. The Draft Business Practice states that “BPA will use reasonable efforts to supply sufficient Balancing Reserve capacity to cover a 99.7 percent planning standard of balancing error events.” Question of whether BPA is required to provide more than the 99.7 percent planning standard amount if physically feasible to do so.

2. What did we hear? (Continued)

Schedule 10

Generally, the Commenting Parties do not support moving key determinations that could impact rates to a separate business practice.

- BPA should follow the industry standard by including “those practices that affect rates and service significantly, that are realistically susceptible of specification, and that are not so generally understood in any contractual arrangement as to render recitation superfluous” into the BPA Tariff.
- FERC, and the courts, have often expressed concern when transmission providers use business practices, or other informal documentation to “significantly affect...rates, terms or conditions”.
- Provisions that “significantly affect rates, terms, and conditions” of service must be included in the tariff, while items better classified as implementation details may be included only in the business practices.

3. What are we proposing?

Schedule 3:

- For Schedule 3 we are not proposing any change to our Schedule 3 language provided at the April workshop.
 - Include *pro forma* language on accounting for Speed and Accuracy in the TC-20 Initial Tariff Proposal.
 - No need to continue to discuss in future TC-20 workshops.

3. What are we proposing? (Continued)

Schedule 9:

- After reviewing customers comments, BPA has decided to modify its proposed Schedule 9 language to link physically feasible to capacity forecast in schedule 10.

New Schedule 9 language:

*“Pursuant to Schedule 10, the Transmission Provider must offer **the amount of balancing reserve capacity forecasted for this service**, to the extent it is physically feasible to do so from its resources or from resources available to it, when transmission service is used to deliver energy from a generator located within its Control Area.”*

3. What are we proposing? (Continued)

Schedule 10:

- BPA is in the process of reviewing customer comments and evaluating the merits of identifying the planning standard in the Business Practice vs the Tariff vs the 7(i) process
- BPA will provide an update and potentially modified Schedule 10 language at the July workshop

4. If not proposing *pro forma*, then which TC-20 tariff principles apply?

The change in schedule 9 language aligns to Principle 2:

- Maintain the reliable and efficient operation of the federal system;

5. Why are we proposing this position?

Key considerations leading to BPA's proposing to make this change to Schedule 9 language include:

1. Maintain the reliable and efficient operation of the federal system,
2. Clearly describe the services BPA provides, and
3. Provide clear guidance on how BPA will implement the physically feasible requirement of schedule 9, with BPA's proposal for Schedule 10 and the underlying draft Balancing Reserve Business Practice, which defines the use of a 99.7 percent planning standard of balancing error events.

Next Steps

Schedule 9

- BPA made edits to the physically feasible language in Schedule 9 and we would like to provide customers an opportunity to comment on the edits.
 - Please provide any feedback on the proposed language by July 10, 2018.
- At the August workshop, BPA will provide an update on the status of the proposed language for Schedule 9.

Schedule 10

- At the July workshop BPA will provide an update on Schedule 10 language.

Ancillary Service Tariff Proposal Summary

<p>1. What is the <i>pro forma</i>?</p>	<p><i>Pro forma</i> tariff includes:</p> <ul style="list-style-type: none"> • Schedule 3: Includes language requiring the Transmission Provider to take into account the speed and accuracy of regulation resources in its determination of Regulation and Frequency Response reserve requirements • Schedule 9: FERC <i>pro forma</i> Tariff includes a Schedule 9 “Generator Imbalance Service” • Schedule 10: FERC elected to not adopt a standardized Schedule 10 for generator regulation services. Instead they will consider individual proposals brought by transmission providers.
<p>2. What did we hear?</p>	<ul style="list-style-type: none"> • Schedule 3: Limited number of comments, but those received were supportive of adding language for Speed and Accuracy. • Schedule 9: Lack of clear guidance as to what “physically feasible” means under the <i>pro forma</i> and how a transmission provider would go about determining how to implement it. • Schedule 10: Generally, customers do not support moving key determinations that could impact transmission rates out of the rate case proceedings to a separate business practice.
<p>3. What are we proposing?</p>	<ul style="list-style-type: none"> • Schedule 3: Include <i>pro forma</i> language on accounting for Speed and Accuracy in the TC-20 Initial Tariff Proposal. • For Schedule 9: Add language to Schedule 9 to link physically feasible to capacity forecast in schedule 10.
<p>4. If not proposing <i>pro forma</i>, then which TC-20 tariff principles apply?</p>	<ul style="list-style-type: none"> • Schedule 3; <i>Pro forma</i>. • Schedule 9; <i>Pro forma</i> and 4. Align with industry best practice when the FERC <i>pro forma</i> tariff is lagging behind industry best practice, including instances of BPA setting the industry best practice. and 2. Maintain the reliable and efficient operation of the federal system • Schedule 10; 4. Align with industry best practice when the FERC <i>pro forma</i> tariff is lagging behind industry best practice, including instances of BPA setting the industry best practice.
<p>5. Why are we proposing this position?</p>	<p>Maintain the reliable and efficient operation of the federal system.</p>
<p>6. What are the change impacts?</p>	<p>Business Practices will need to be developed or revised to incorporate the language of Schedule 3, 9 and 10.</p>
<p>7. Is there a rate case impact?</p>	<p>Recovery of costs and rate design for ancillary services will be in the BP-20 rate case.</p>