Summary of September 4th Kickoff Meeting

Note: Section numbers represent the Rate Settlement section being addressed.

10a. **Participate in Northwest Power Pool Market Assessment and Coordination Committee**. Customers agreed that this is not a part of the workshop commitment.

10b. **Prepare and review a project plan on future balancing reserves initiates.** Customers and staff agreed that this should be addressed in the workshops. Customers agreed that this was likely carry over language from WIT initiatives, and that the intent of this would be met through the workshops. The first workshops would be used to identify the issues to be addressed, the proposed timeline for addressing those issues (priority, estimated time commitments, staffing needs), and to assess the scalability of the solutions to each issue (in other words, determine what we will attempt to accomplish this rate period and what we will leave for future rate periods).

10c. **Discuss and evaluate customer-proposed alternatives to DSO 216.** Customers requested that BPA provide a crib sheet of how DSO 216 works in the BP14 rate period with Full Service v. Base Service, *etc.* Customers verified that they want BPA to provide a historical DSO 216 analysis, looking back to 2011.

The analysis would identify:

- Each customer category's (load, wind, thermal) contribution to the error when a DSO 216 event occurred.
- Percent of hours impacted by DSO 216 (how big of a problem is this?) and how does that compare to the curtailment of other firm schedules in BPA's BAA.
- How many reserves BPA carried/deployed during the DSO 216 event.
- Magnitude of the DSO 216 events.
- Length of the DSO 216 events.
- Statistical use of reserves by customer category.

We expect to hear our first customer proposal at the October 9th workshop. We requested that their proposal be specific on what they mean by "alternative" to DSO 216, how it applies to INC and DEC Station Control Error, and what scheduling elections their alternative should be available for (i.e., just 15 minutes scheduling, just committed, or all).

Customers also mentioned that they would like to better understand the cost of seasonal reserves (perhaps look at spinning reserves or some other market to get an idea of how much they cost in different periods). This would provide customers and BPA a better understanding of how much it would cost to mitigate DSO 216. It may also enlighten the group on the market and physics of the spring when the FCRPS is unable to provide as much FCRPS balancing capacity. Some of the customers appeared to have an idea of how they might estimate these costs but no customers officially volunteered to run this to ground. BPA will provide information, when allowed, on its experience with the purchases made during the rate period.

10d. **Participate in a joint effort with customers to work with the CAISO on 15-minute scheduling to reduce seams issues**. Customers agreed that this should be tabled for a while, that this was not a workshop topic or commitment, and that we all need time to monitor and learn more. BPA staff believes BPA needs to stay engaged on this topic through the appropriate work stream despite customer's decision to table from their perspective.

Intra-hour Transmission. Customers need to put together a proposal on why they want us to explore intra-hour Transmission product and what they identify are the pros and cons. Once a proposal is presented, the group would discuss implementation hurdles and other issues around the proposal.

10e. **Develop a method to determine balancing reserves capacity needs on a short-term basis. Discuss and refine method with customers.** Customers said they would like to hear a progress report on how the tool is performing in the workshops. They stated the sooner the better, but we tentatively scheduled a plan to provide an update at a January workshop.

10f. **Determine if the methodology used to identify short-term needs should be used to inform acquisitions with the $2 million Acquisition Budget.** Customers cautioned that we need to be flexible to new issues. It was accepted that time was needed to learn and report out before we could have an informed workshop discussion on this topic (likely places this workshop discussion in spring or early summer).

10g **Explore customer proposals on rate deign for balancing services.** Customers requested that we take time to consider two issues at once to establish a balance and present tradeoffs. BPA will provide numerator (cost) and denominator (MW) scenarios to help inform customer proposals.

10h. **Discuss the concept of sub-hourly scheduling of the FCRPS for customers that purchase firm requirements Power under CHWM contracts.** Some customers requested a discussion on intra-hour

scheduling of the Slice product. Customers want to understand the relationship of 900 MW, slice flexibility, and BPA capability.

10i. **Post an annual report on OASIS that provides the actual balancing reserves held each hour.** We already do this. Customers agreed that all we needed to do to fulfill this section of the settlement was help them locate the information.

General comments on method for running the workshops

- RNP to attempt to provide and coordinate education material on PPA's and what if any barriers exist with those agreements.
- RNP to attempt to provide and coordinate the first "alternative to DSO 216" proposal, tentatively for October 9th workshop.
- BPA to provide list of issues and potential solution set grounding exercise to October 9th workshop.
- We need to check-in on DERBS issues. No representatives were in the room.
- Customers tentatively agreed that we should prioritize the issues and attempt to bring them to resolution or some sort of conclusion before moving on to quickly to the next issue.
- Customers agreed that the workshops would not be one presentation after another presentation.
- Customers suggested monthly workshops with cross-customer sub team assignments. The sub teams would likely meet more frequently.
- Customers need to let BPA know what they really need this next rate period.
- Customers requested that BPA provide the newest landscape, is the issue getting worse, better, does BPA expect more resources to leave BPA's BAA, etc.
- Customers agreed to start with monthly full day workshops that begin about 9 am and end at 3 pm. Customers prefer to meet at Columbia Grid and the first workshop is schedule for October 9th.

BPA Staff Recommendation (not specifically covered in the September 4th meeting) on what proposals should include

- Ideally, proposals should include the objective, identified risks, pros and cons, scalability, concerns, legal and regulatory tethers, and any perceived implementation hurdles.