

May 30, 2014

Department of Energy
Bonneville Power Administration
Transmission Services
P.O. Box 64109
Vancouver, WA 98666-1409

Via Email: techforum@bpa.gov

Re: Comments of Puget Sound Energy, Inc. on the BPA Staff Straw Proposal

Dear Ladies and Gentlemen:

By this letter, Puget Sound Energy, Inc. (“PSE”) comments on the Bonneville Power Administration (“BPA”) Staff Straw Proposal regarding the balancing service to be provided by BPA for the BP-16 rate period (the “BPA Staff Straw Proposal”). PSE appreciates the opportunity to comment on the BPA Staff Straw Proposal and work cooperatively with BPA on these matters.

A. Definition of Balancing Service

The BPA Staff Straw Proposal proposes a balancing service that “[a]ttempts to honor transmission schedules by attempting to hold and purchase enough Incremental (Inc) balancing reserves to cover the total Balancing Reserve Authority (BAA) forecast schedule error.” (BPA Staff Straw Proposal at 1.) This proposal fails to establish an appropriate path forward for BPA with respect to balancing service. As stated in the Comments of Iberdrola Renewables, LLC, Portland General Electric Company, and Puget Sound Energy, Inc. on BPA’s Consideration of Public Processes for Imbalance Service Rate Case Inputs, filed April 11, 2014 (the “Imbalance Service Inputs Comments”),¹ the appropriate path forward for BPA with respect to balancing service is

- (i) to adopt a *pro forma* Open Access Transmission Tariff Schedule 9 and provide imbalance service, to the extent it is physically feasible to do so, from its own resources or from resources available to it;

¹ Attached as Exhibit A to this letter is a copy of the Imbalance Service Inputs Comments.

- (ii) to address in each section 7(i) imbalance rate proceeding the appropriate projections of reserve quantities and costs used in setting rates; and
- (iii) to include in the section 7(i) imbalance rate proceedings an open and transparent process by which BPA and its customers could clearly understand and provide input on the appropriate projections of reserve quantities and costs used in setting rates.

Imbalance Service Inputs Comments at 2 (footnote omitted). In short, BPA should (1) project, on a planning and operational basis, the amount of reserves needed for imbalance service, (2) set rates for imbalance service in the applicable section 7(i) proceedings, and (3) provide, on a planning and operational basis, imbalance service, to the extent it is physically feasible to do so, from its own resources or from resources available to it.

B. Elections Deadline

The BPA Staff Straw Proposal assumes that service elections for the BP-16 rate period would be made on or before April 1, 2015, for service starting October 1, 2015 and ending September 30, 2017 (BPA Staff Straw Proposal at 1) but does not mention the possibility of a mid-rate period election. PSE encourages BPA to continue to offer a mid-rate period election for the BP-16 rate period to allow customers to change service elections (e.g., Imbalance Service, Operating Reserves, self-supply, and CSGI), which should encourage customers to explore more granular scheduling options.

C. BPA BAA Reliability Tool

The BPA Staff Straw Proposal refers to a BPA BAA Reliability Tool (“BART”) that it proposes would apply to “all non-Automatic Generation Control controlled generation scheduled in BPA BAA with measured Station Control Error, subject to predefined thresholds, when Station Control Error threatens BPA BAA reliability.” (BPA Staff Straw Proposal at 2.) At this time, PSE does not have sufficient information regarding the proposed BART to comment on this tool, which appears to be under development by BPA. BPA should engage with its customers and discuss this approach and its implications during such a tool’s development and well prior to any attempt to implement it. For example, BPA should explain why such a tool would be necessary for BPA BAA reliability.

D. Scheduling Incentives--Intentional Deviation

The BPA Staff Straw Proposal suggests that customers during the BP-14 rate period

would be required to identify the basis for establishing their schedules through their elections (committed scheduling paradigm, BPA-supplied forecast, established forecasting metric or other BPA agreed-to forecast) and will face an Intentional Deviation penalty if using another basis. Intentional Deviation would replace Persistent Deviation for VERs. Persistent Deviation penalties would remain in place for loads and DERs.

(BPA Staff Straw Proposal at 2.) If BPA were to establish such an incentive mechanism, such mechanism should recognize and take into account deviations that occur in connection with the commencement and cessation of curtailments of transmission schedules or generation output.

Very truly yours,

Puget Sound Energy, Inc.

A handwritten signature in blue ink that reads "George E. Marshall". The signature is written in a cursive, flowing style.

By: George E. Marshall
Title: Manager Federal and Regional Policy