Renewable Northwest

June 4, 2014

VIA Email

Tech Forum
Bonneville Power Administration
905 NE 11th Avenue
Portland, OR 97229

RE: Comments on BPA Staff's BP-16 Balancing Services Definition Straw Proposal of May 13, 2014

**General Comments:**

Renewable Northwest appreciates the opportunity to comment on BPA Staff's Straw Proposal regarding the balancing services to be provided during the upcoming FY 2016-17 rate period. At a purely conceptual level, and based on our understanding at this time, we are encouraged by the general direction this proposal appears to be heading.

While much more detail and discussion is still required (as outlined below), we have identified two key areas of this proposal that we support: (1) the goal of providing a single high-quality balancing service to all customers, and (2) the replacement of DSO 216 with a non-discriminatory "BAA reliability tool."

Of course, our support for these two areas is contingent on a comprehensive proposal that efficiently integrates variable energy resources in a manner that is comparable to the other balancing services that BPA offers. The other key areas of concern for our members, not discussed in BPA's Straw Proposal, are: (1) the Variable Energy Resource Balancing Service (VERBS) rate levels, and (2) the third-party balancing reserve procurement strategy and associated cost risk.

With these caveats, we welcome this proposal, applaud BPA Staff for their efforts in this direction, and look forward to a positive discussion on the many details to follow.

**Specific Comments and Questions:**

1. It is our understanding that BPA believes it can provide a higher quality of balancing service (99.7%) while holding a quantity of reserves similar to what BPA holds today (per unit of wind). Our takeaway from this assumption is that a higher quality of service could be achieved without an increase in the VERBS rate, all else equal. This assumption is critical to our support for the direction laid out in the Straw Proposal. Please confirm that this is the intent of the proposal or explain otherwise.

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    a. It is also our understanding that there may be some cost shifting among the different VERBS scheduling options associated with moving to the higher quality of service. Please provide an estimate of the expected impacts to the different sub-categories of the VERBS rates for wind (30/15, 40/15, 30/60, and uncommitted).

2. The straw proposal contains a rather large change in the amount of DEC reserves held and the DEC standard (99.0%). While the provision of DEC reserves has not been our primary policy concern in recent years, this proposed change is significant enough to require further analysis before we can support this component of the proposal. We request that BPA provide a detailed analysis of the number of expected feathering events under the 99.0% DEC standard, with and without assumed increases in 15-minute scheduling utilization.

3. We support the concept of a "BPA BAA Reliability Tool" to the extent that it replaces DSO 216 and is applied in a comparable and non-discriminatory manner. We believe that moving in this direction will provide important clarity to the marketplace, will facilitate the development of renewable resources, and aligns better with FERC guidance on these issues.

    a. Rather then exempting certain customers that are contributing to the imbalance threatening reliability on BPA's system, we think that a more comparable approach would be to simply charge those customers for the "reliability services" they receive from the generators that have their generation or schedules adjusted by BPA's BAA Reliability Tool.

4. We support moving away from the Persistent Deviation penalty in its current form and toward a more customer-specific approach for scheduling accuracy and accountability. That said, we will need to see more information about the details of the proposed "Intentional Deviation penalty" and BPA's forecasts and scheduling metrics.

    a. To the extent that BPA is requiring customers to share their forecast methodology with BPA, that information may fall under confidentiality agreements and BPA will need to provide assurances to customers that confidentiality will not be breached.

5. We support the continued offering and cost differentiation for the scheduling elections for wind and solar (30/15, 40/15, 30/60, and uncommitted).

6. We support the continuation of the Customer-Supplied Generation Imbalance program.

7. We do not support the proposed change to a single election period for the entire rate period. Variable energy resource integration is rapidly changing in the West and we believe it is still prudent to offer customers the flexibility to promptly transition to new tools, such as 15-minute scheduling, as the familiarity and liquidity in these new markets increases. Not providing this flexibility potentially exposes customers to unnecessary costs and delays the transition to a more efficient operating paradigm.

Thank you for the opportunity to comment. We look forward to continued productive discussions on these issues.

Sincerely,
/s/
Cameron Yourkowski, Senior Policy Manager