

November 18, 2013

BPA Tech Forum  
Bonneville Power Administration  
905 NE 11th Ave.  
Portland, OR 97232

**RE: BPA's Proposed Controls for PacifiCorp's Transmission Usage in the CAISO Energy Imbalance Market**

Northwest Requirements Utilities (NRU) appreciates the opportunity to provide input to the Bonneville Power Administration (BPA) regarding the impacts to BPA's transmission system from PacifiCorp's participation in the California ISO's energy imbalance market (CAISO EIM). NRU is a non-profit trade association of 52 public power systems that rely upon BPA as their primary or exclusive supplier of wholesale electric energy. These utilities account for nearly 25% of BPA's wholesale public power sales in the Northwest. NRU's members are all BPA network transmission customers, and eight NRU members are served via transfer agreements with PacifiCorp. Continued access to flexible, reliable, and low cost transmission service is critical for NRU's members. As a result, the proposals made and subsequent outcomes that result from the CAISO EIM stakeholder process are important to our members.

NRU believes the controls proposed by BPA show some promise, but that more transparency is necessary regarding how the variable and static control limits will be implemented in real-time (e.g., what automation will be put in place to ensure the controls are followed?). Simply put, we do not have enough information at this point to determine if the controls are adequate. Furthermore, an inherent flaw of any proposal is the fact that the controls are based on Dynamic Transfer Capability (DTC) studies that pre-date the huge influx of wind integration on the BPA transmission system. BPA needs to update its DTC studies in order to determine if the proposed controls will be adequate in limiting PacifiCorp to its existing transmission rights. Also, any limits established under BPA's proposed controls should not represent increased transmission rights or entitlements above and beyond what PacifiCorp currently has under its existing BPA contracts.

There are two additional areas where NRU would like more detailed information. First, an area of specific concern is the impacts to BPA's transfer customers who have load in PacifiCorp's Balancing Authority Area. BPA has yet to provide any information regarding the potential cost implications. More specifically, NRU will want to understand how BPA will account for the differences in the cost of power for transfer customer loads that are bid into an EIM market. This will require significant involvement from BPA Power Services, and we propose that Transfer Service subject matter experts address this issue in the very near future. Second, both BPA and PacifiCorp have stated that PacifiCorp will not use its NT transmission rights within the EIM. However, this issue still needs to be

addressed, as there are no proposed controls that would limit PacifiCorp's use of NT transmission for EIM transactions.

Thank you for the opportunity to provide comments. NRU looks forward to working with BPA and other stakeholders on this issue.

Sincerely,

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