



Transmission Services

BPA Responses to Customer Comments and Questions

2009 Network Open Season Process and Draft PTSA

BPA has reviewed all comments received on the process and Precedent Transmission Service Agreement (PTSA) for the 2009 Network Open Season (NOS). Comments and questions have been organized by topic with the commenter noted in parentheses and BPA responses in italics. The full submission of customer comments are posted on the 2009 Network Open Season web page at:

http://www.transmission.bpa.gov/customer_forums/open_season_2009/default.cfm?page=customer

1) Cluster Study Assumptions

- a. Most customers cannot provide with any certainty the additional information that BPA Transmission Services would like to require regarding physical location of actual resource and load or generation that will be displaced. (Puget, PPC, NRU, Horizon, Snohomish, Iberdrola, Avista)
- b. Planning assumptions and models should include exports outside of the BPA Balancing Authority boundaries consistent with and including the BPA statutory load obligations and forecasts - both WECC rated paths and interchange points with utilities with whom BPA has power transfer agreements. (BPA Power Services)
- c. Please clarify how changes to POR and/or POD will be treated in NOS; this is a misunderstanding – such changes are not allowed. (Powerex)

BPA appreciates the challenges associated with the proposed changes to the request for more information requested for purposes of conducting a Cluster Study. As a result of customer comments, we are developing a more moderate solution that has been included in the latest version of the PTSA (Section 5(a)(2) and Exhibit B) posted to the 2009 NOS web page.

The level of participation in the 2008 NOS presented BPA with the first opportunity to conduct a Cluster Study of such magnitude. In the 2008 NOS, BPA attempted to capture information to assist in the modeling of the powerflows on a voluntary basis with very little response.

In order to conduct an accurate powerflow, the fundamental inputs for the Cluster Study require balanced loads and resources. Consistent with the ATC Methodology, the NOS 2008 Cluster Study backed off the Federal and Mid-C hydro system to get the powerflow loads and generation to achieve balance (2008 NOS assumptions & results included load forecasts for 2014 and obligations for export on southern interties full). Now, we are at a point where we need to move to a more sophisticated solution to determine what assumptions to make in the Cluster Study.

The right information is required in order for BPA to avoid delays in the execution and delivery of the Cluster Study and to correctly identify projects that are needed. The risk of proceeding without this granularity of

information is that BPA incorrectly identifies projects that are NOT needed and increases the risk to BPA ratepayers of impacts from building those unnecessary projects.

This issue will be an evolving and developing discussion with the region that BPA will facilitate in its efforts to identify and plan to the region's long-term transmission needs.

2) Security

- a. Support decision not to change security requirements. (Horizon)

Thank you, BPA appreciates the support.

- b. Continue to work with Washington PUDs to alleviate security deposit issue. (PPC, Snohomish)

BPA is modifying the security deposit into a broader performance-based scope that will allow pre-payment and better accommodate the needs of consumer-owned utilities seeking PTP service.

- c. How will any other deposits be treated if the PTSA expires? (Puget)

Any deposit associated with a TSR will be treated per standing business practices ([Scheduling Transmission Service](#)) and separate from the NOS process.

- d. Modify BPA's language regarding forfeiture of security. (Puget)

BPA has considered the proposed language but will not modify the language as there is no intent of the forfeiture provision that BPA prove damages in order to retain the "performance assurance" funds.

3) Deferral Competitions

- a. Don't make the proposed changes to deferral competitions. (Horizon, Iberdrola)

By proposing these changes to the PTSA, BPA is attempting to reconcile Section 17.7 of the OATT with the NOS process. BPA continues to consider additional changes to better meet the principles of NOS. BPA has determined that the proposed PTSA changes are necessary in order to mitigate the potential for inequitable cost shifts to BPA rate payers/existing customers for delays associated with Section 17.7.

- b. Proposed changes to deferral confusing, still analyzing. (Powerex)

BPA is addressing the challenge of aligning the NOS model with deferral competitions under the traditional OATT model and has modified the PTSA in section 4(e) to attempt to clarify this language.

4) Conditional Firm Service (CFS)

- a. Iberdrola supports the automatic application of CFS bridge service to PTSA duration obligation per Section 6(a)(1). (Iberdrola)

Thank you, BPA appreciates the support.

- b. Please provide some examples of when a Bridge CFS agreement might convert to Long Term Firm prior to energization of expansion facilities. (Powerex)

Examples could include update of the ATC Base Case, failure of a customer to execute roll-over rights, winning capacity in a competition, or modification to the ATC methodology.

5) Direct Assignment

- a. How would direct assignment of costs relate to service offered at rolled-in rates? Could BPA offer service at embedded rates and also assess direct assignment costs? If so, what are the limits to this ability, and would the customer have the ability to terminate the PTSA in this event? (Iberdrola)

BPA has modified the PTSA to clarify that the PTSA would terminate if the transmission facilities are direct assigned. The treatment of direct assignment costs related to rolled-in rates is determined on a case by case basis. Nevertheless, the existing customer's PTSA would terminate.

- b. Modify definition of "direct assignment" (Puget, Powerex)

BPA will modify the definition to clarify that the PTSA terminates if a direct assignment is identified for an associated transmission project.

6) PTSA Modifications

- a. Change the signature language for the PTSA. (Puget)

BPA will accept this change.

- b. Modify definition of OATT. (Puget)

BPA will not accept this change. It is implicit in the language as FERC will need to approve the PTSA.

- c. Please clarify definition of "Eligible TSR." (Powerex)

BPA has modified the definition to provide additional clarity. Please see the updated PTSA.

- d. Why was "in OASIS" removed in section 4(b) – was it due to belief that it is redundant? (Powerex)

Yes, the language was redundant.

- e. Please clarify why change to "Determination of ATC Availability" was made. (Powerex)

The language was modified to more accurately reflect existing processes and to clarify that the ATC determination may occur throughout the term of the PTSA.

- f. What is the plan for filing the amended 2009 PTSA with FERC and how does that relate to the 2008 PTSA? (Iberdrola)

BPA intends to file the amended 2009 PTSA by May 29th, 2009 with FERC. We are submitting a red-line version to ensure FERC understands the modifications from the 2008 PTSA. Additionally, we are requesting FERC approval by August 19. Without FERC approval, the restack may be delayed. If FERC requests changes to the 2009 PTSA, BPA and the PTSA-signers will make a determination at that time pursuant to section 10. BPA will also conduct general outreach and will engage its stakeholders and customers on these issues.

- g. Please explain the deletion regarding partial term service. (Iberdrola)

The last sentence of section 7(a) of the 2008 PTSA was a generic approach for the release of Security in the event of a partial term award of service to the Customer, given that no constraints on potential partial term service had been identified at the time the 2008 PTSA was offered. Subsequently, Bonneville has determined, with input from Customers that no partial term offer would be made if it would be followed by a break in service. Therefore, release of Security in the event of a partial term service award, applies consistently with the 180 day timeframe described in the first two sentences in section 7(d).

- h. Modify BPA's language regarding forfeiture of security (Puget)

Please see response to 2d.

- i. Modify definition of "direct assignment." (Puget, Powerex)

Please see response to 5b.

7) Miscellaneous

- a. BPA should review the Monroe-Echo Lake (Northern Intertie) line for reinforcement or upgrade. Recent events indicate that reliability benefits may have been missed during initial review. (Snohomish)

BPA will continue to evaluate Monroe-Echo Lake as a reliability issue through Puget Sound Area Study Team as facilitated by Columbia Grid. In addition, BPA encourages customers to feel free to raise this issue in the public Attachment K planning process. For NOS we will consider any reliability benefits delivered by the Plan of Service identified in the Cluster Study with the commercial requests received to inform the CIFP.

- b. How will the BPA 2009 NOS incorporate the FERC ATC Notice of Proposed Rulemaking (NOPR) and subsequent activities including describing the converging of the two projects on the NOS timeline? (BPA Power Services)

The FERC NoPR timeline for implementation is outside the timeline associated with 2009 NOS. BPA will continue to analyze impacts by new ATC standards to future NOS, as appropriate for the adopted timeline.

- c. Please clarify whether changes regarding NEPA compliance and decision to build represent a substantive change or are simply clarifying changes. (Powerex)

These changes are intended to clarify language. For example, in the Administrator's decision letter regarding the McNary-John Day project, we

reference the CIFP analysis, borrowing authority expansion, NEPA completion, etc..

- d. Please provide opportunity to review the contemplated changes to OATT sections 19.10 and 32.6. (Powerex)

Language proposed as follows:

CURRENT LANGUAGE IN §19.10(i) AND §32.6(i):

With respect to a Cluster Study that includes aggregate study of system impacts and needed facilities, the Transmission Provider will use due diligence to complete the Cluster Study within 120 days from such date, or from the last date to submit appropriate security for Precedent Transmission Services Agreements if that date is later.

PROPOSED LANGUAGE:

With respect to a Cluster Study that includes aggregate study of system impacts and needed facilities, the Transmission Provider will initiate the Cluster Study within 14 days of the later of (i) the due date for the Precedent Transmission Service Agreement (PTSA) or (ii) the due date for providing performance assurance as required by the PTSA. The Transmission Provider will use due diligence to complete the Cluster Study within 120 days of its start date.

- e. Section 5(a) deletion – are pre-existing studies no longer an issue? (Iberdrola)

Correct - pre-existing studies are not an issue for the 2009 NOS.

- f. How does TS plan to set aside adequate ATC for the FCRPS to serve Network Loads service by BPA requirements contracts, including NT customers that are remote from the contiguous FCRTS? (BPA Power Services)

This issue is being addressed in the Regional Dialogue forum.

- g. When adding new generation, how will BPA address service to in-region NT customers that are remote from the contiguous FCRTS in its planning studies (local area and regional)? (BPA Power Services)

In addition to RDIT, the Planning K process can also be a useful forum.

8) 2008 Network Open Season

- a. Continue work on LaGrande path reinforcement, involve customers. (PPC, NRU)

BPA is committed to the public process and will continue to provide updates and engage the public on this issue. Initial indications are that the needs assessment should be done June/July and that the Plan of Service studies could take an additional six months to prepare.

- b. How do NOS 2008 TSRs that could go forward at incremental cost rate fit into NOS 2009? (Powerex)

Such TSRs will be offered NEPA and must sign and fund those agreements in order to stay in the queue. In addition, for future NOS, the TSR will be offered a PTSA and that will also need to be signed and securitized in order for the TSR to remain in the queue.

9) Network and Intertie

- a. Continue to segment intertie and network costs. (PPC, NRU)

This is a Rate Case issue and should be addressed in that forum.

- b. The market should drive the need and financing for new intertie projects. (PPC)

BPA is committed to following the processes set forth in its OATT. Current customer requests pursuant to the OATT are driving the need to at least scope a potential Intertie Open Season (IOS).

- c. Minimize amount of resources dedicated to scoping IOS and focus on meeting in-region needs. (PPC, Grant, NRU)

Please see response to 9b.