

August 10, 2018

Tech Forum
Bonneville Power Administration

Submitted via: techforum@bpa.gov

Please find Northwest Requirements Utilities' comments regarding BPA's preliminary decision to purchase Reliability Coordinator ("RC") services from the California Independent System Operator ("CAISO") below. NRU represents 53 of BPA's NT Transmission customers, and thus we have a keen interest in the outcome of this deliberation since our members ultimately foot the bill for BPA's RC services and accept the risks and benefits from any reliability impacts that result from such a move.

While we appreciate the opportunity to comment, we question whether BPA's is seriously interested in receiving and incorporating customer feedback into its decision. BPA provided limited information during the single workshop they held, stating information was subject to non-disclosure agreements. Given that BPA customers are undertaking the risks and costs of the RC services, there needs to be an ability for customers to get answers in a timely fashion. Further, BPA provided only one week comment period, and stated its intent make its final decision one week after the close of the comment period. This is simply not enough time for BPA to fully vet and consider customer comments and one can only assume that BPA has already determined its course of action irrespective of the potential issues raised by its customers. This is further exacerbated by the fact that BPA is moving away from a known entity (Peak-RC) with highly developed functioning business processes and technology to a yet-to-be-developed entity that will be related in some fashion to the existing CAISO. Basically, BPA is asking its customers to consider the pros and cons of a proposed direction that is not yet fully developed.

It is critically important to balance and define clearly the roles, responsibilities and authority of the RC Oversight Committee compared to the CAISO. It is imperative that BPA has oversight over the RC's rules and regulations. We have reviewed the RC Oversight Committee charter and it appears that the oversight provided by that body potentially offers adequate protection for Balancing Authorities that receive RC services from the CAISO. It is essential that RC Oversight Committee play the role of multi-state RC "referee" and be sufficiently independent of the transmission owners and operators to not be controlled or unduly influenced by a single player or state participant.

The charter allows a majority of the RC Oversight Committee participants to overrule CAISO RC management unless the CAISO determines that doing so would either: (1) pose an unacceptable risk to reliability in its judgment as the Reliability Coordinator, or (2) be inconsistent with the reliability standards or other applicable federal law. The latter provision is critical, as federal law is the only legal standard that the CAISO can use to overrule the RC Oversight Committee. However, the CAISO's ability to determine "in its sole discretion" what

is an “unacceptable risk to reliability” provides the CAISO with too much leeway. Therefore, we request that BPA urge the RC Oversight Committee to revise its charter to tie the CAISO’s ability to determine a reliability risk specifically to NERC reliability standards.

Finally, we understand that BPA will not be required to pay any initial start-up costs. BPA has also indicated that its initial commitment to using RC services from CAISO is eighteen months, and must provide 12 months’ notice to terminate RC services with the CAISO. We believe these onboarding and offboarding terms are practical and would not be prohibitive in the event that a Northwest-based RC service or another alternate RC service was offered in the future, or if BPA and its customers simply determine that the CAISO is no longer the RC service provider of choice. While we consider these provisions as reasonable, we would urge BPA to hold a follow up meeting with its customers no later than one year after the commencement of RC services to provide further details regarding CAISO oversight and cost.

Thank you for the opportunity to comment. Please contact us at 503-233-5823 or bweathers@nru-nw.com with any questions you may have about these comments.