

COMMENTS OF THE NETWORK CUSTOMER GROUP

These comments are submitted on behalf of Cowlitz PUD, Eugene Water and Electric Board (“EWEB”), Northwest Requirements Utilities (“NRU”), PNGC Power, and Western Public Agencies Group (“WPAG”) (collectively, the “Network Customer Group”) in response to the presentation made by the Bonneville Power Administration (“BPA”) at its Transmission Business Model meeting of August 29, 2017.

Risk Tolerance

In developing a risk tolerance metric for a new ATC methodology, we would like BPA to consider the downstream implications on load-serving entities. While we understand BPA’s opposition to continue leaving 10% “on the table”, that estimate is done without the new tools BPA needs to make that assessment. As such, we would like BPA to take an approach that appropriately preserves the level of firm service that our customers have come to expect and not consider any new policies that materially increase the curtailment risk of existing firm customers or results in degradation in reliability. As load-serving entities, we have an obligation to provide reliable service to our customers on even the most congested of days. It is critically important to consider the differences between generation redispatch, which results in economic consequences, versus firm load curtailment which has much broader and larger economic and other impacts.

Meeting Regional Transmission Needs

As our transmission provider, BPA has an obligation to plan for and meet the transmission needs of the region. We are encouraged that BPA is continuing to consider non-wires solutions, but would like BPA to also consider wires solutions to the extent that they are necessary for BPA to comply with its obligations under the OATT. Further, we urge BPA to take serious its obligation as our Transmission Provider to plan for and serve its Network Customers load growth under the Pro-Forma OATT:¹

“The Transmission Provider shall include the Network Customer’s Network Load in its Transmission System planning and shall, ..., endeavor to construct and place into service sufficient transfer capability to deliver the Network Customer’s Network Resource to serve its Network Load...”

The Network Customer Group is comprised of utilities that are transmission dependent utilities and yet they have obligations to serve retail customers within their respective service territories. Vertically integrated utilities that plan and control their own transmission must also serve their retail customers and cannot turn new customers away or provide inferior service. The Network Customer Group utilities look to BPA as their transmission provider to meet these same obligations.

¹ Pro-Forma OATT, Section 28.2.

Dynamic Heat Map and Study Process

We are very supportive of BPA developing a “heat map” that generally shows ideal locations for new generation and loads. Understanding where BPA can currently serve load, as well as where BPA needs significant transmission investment to facilitate future load growth, will be a very useful tool in our planning process.

However, because of obligations to serve, the “heat map” ideal locations cannot become the only locations where customers can connect. Rational expansion of transmission to meet obligations to serve remains critical.

We are supportive of BPA implementing a more frequent study process to assess ATC in a meaningful way. If BPA Staff is able to replace the current long-term ATC posting with a more useful tool, then we will be supportive of the development and adoption of that tool.

Conditional Firm

We would like to better understand BPA’s proposal to offer Conditional Firm service to Network Customers. The Pro-Forma OATT does not offer this product to Network Customers. Instead, the Pro-Forma OATT provides Network Customers with planning redispatch and secondary network service to manage their loads.² We reiterate here our comments from the July 26, 2017 workshop that a Transmission Provider has an obligation to provide firm transmission to its Network Customers. While we are interested in hearing all options that BPA is considering, Network Customers will not be supportive of any option(s), Conditional Firm or otherwise, that do not provide firm service to Network Customers current and forecast loads. Again, we emphasize that redispatch of generation has far different implications than curtailment of firm load so details about “conditions” have broad technical, economic and policy implications.

With respect to offering Conditional Firm to Point-to-Point customers, FERC does not require transmission providers to offer Conditional Firm service if it impairs system reliability.³ Further, FERC gives transmission providers discretion in determining the amount of Conditional Firm that they can reliably provide.⁴ We ask BPA Staff to consider existing firm customers use of the system and our obligation to provide reliable service to our customers on average days and peak days. As BPA Staff considers selling any additional firm or conditional firm products, it should not do so to the detriment of its existing firm customers and system reliability.

² FERC Order 890-A at P 294, n.558.

³ FERC Order 890-A at P 292, n.552.

⁴ FERC Order 890-A at P 292, n.554.

Instead of allowing more customers firm access to limited existing capacity, we encourage BPA to look at ways to create incremental capacity on its system as required by sections 13.5, 15.4, and 28.2 of the Pro-Forma OATT.⁵

Planning Redispatch

Our understanding from BPA's presentation on planning redispatch is that BPA intends to identify in the system impact studies resources that can be redispatched to relieve congestion to enable a customer's transmission service request. For Network Customers who are also preference customers of BPA, BPA's presentation on this topic left a lot of open questions, including those identified below. We ask BPA to consider these questions and work with preference customers when developing the planning redispatch tool.

- (1) Does BPA propose to study whether the FCRPS, or portions thereof, are available to provide planning redispatch?
- (2) If yes to No. 1 above, how will the statutory and contractual rights of preference customers be factored into the determination of whether the FCRPS is available for planning redispatch to enable a TSR submitted by a preference customer?
- (3) If yes to No. 1 above, how will the statutory and contractual rights of preference customers be factored into the determination of whether the FCRPS is available for planning redispatch to enable a TSR submitted by a non-preference customer?
- (4) Is there an existing product offered by Power Services to BPA's preference customers that would meet the protocols for planning redispatch to be established by Transmission Services?
- (5) If the answer to No. 4 above is yes, what is that product and is it available to both Load Following and Slice/Block Customers?
- (6) If the answer to No. 4 above is no, does BPA Power Services intend to establish a new product to offer to BPA's preference customers that would meet such protocols?
- (7) If the answer to No. 6 above is yes, would such a product be made available to both Load Following and Slice/Block customers?
- (8) If the answer to No. 7 is no, does BPA believe this answer to be consistent with its statutory obligation to serve the net requirements of each of its preference customers upon request?
- (9) To what extent will or does BPA plan to redispatch that component of the FCRPS designated as a network resource in order to relieve/avoid congestion to ensure service to Network Customers who are also preference customers?
- (10) Does the answer to No. 9 above depend on whether such Network Customer is a Load Following or Slice/Block customer? If yes, please explain.

⁵ FERC Order 890-A, Appendix C, Pro-Forma OATT.

- (11) What steps will BPA take to ensure that planning redispatch for a new TSR does not degrade or impair the reliability of service or interfere with BPA's prior firm contractual commitments to existing network and point to point customers?

Undesignation of Network Resources

BPA should only move forward with its proposal to require undesignation of network resources for firm market sales if BPA can demonstrate that it would provide a substantial benefit and would not cause undue hardship. In making that determination, Transmission Services should work with Power Services and Slice/Block customers who are also Network Customers to identify any issues or concerns that might arise from such a requirement as it relates to the Slice product or other non-Federal resources.