

August 11, 2017

DIEGO OCHOA
BONNEVILLE POWER ADMINISTRATION
PO BOX 61409
VANCOUVER, WA 98666-1409

Dear Diego,

Please accept these comments on behalf of Seattle City Light (City Light) regarding the BPA's Transmission Business Model (TBM)/Pro Forma Gap Analysis (PFGA) Workshop held July 26, 2017. City Light appreciates BPAT's effort to engage customers in a conversation about the TBM and the PFGA, both in person at the workshops as well as through the solicitation of customer feedback outside of the workshops.

Generally, City Light supports BPAT's goals to transform its transmission services and processes to reduce net costs and be more responsive to customers' needs, as well as BPAT's intentions to acquire tools to better manage the transmission grid. We encourage BPAT to find ways to offer better service to all customers, and do so in a manner that does not diminish the value of any customer's service relative to any other customer. To accomplish this, City Light supports a collaborative approach to updating BPAT's business model and tariff, underpinned with a thorough and complete analysis that provides customers the information they need to analyze the impacts of any proposed changes. City Light believes that as the TBM transformation proceeds, it is imperative that BPAT tests whether customers' interests are served with the evolving changes, and is open to course correction where they do not.

Specifically, City Light offers the following feedback based on the information presented and the discussions held at the July 26 workshop:

Comprehensive Analysis of Proposals. As BPAT proceeds with the TBM/PFGA processes, City Light requests that BPAT analyze and consider the consequences of its proposals on both BPAT and its customers before making any final decisions on implementation. While it appears that many of the proposals might reduce workload and improve efficiency for BPAT, some would also have the effect of reducing the flexibility or value of transmission to the customer. City Light encourages BPAT to offer examples of how the proposed changes could affect customers. Hypothetical examples could make the conceptual proposals more easily understood.

Additionally, the analysis should look at all the proposals comprehensively to determine how they may interact with one another. For example, queue management, the study process, and ATC are closely related. It is likely that other topics also overlap with and impact one another. It is important to City

Light that we will be able to assess the full impact BPAT's proposals could have on City Light's operations and business.

Alignment with the *Pro Forma* OATT and Industry Standards. In the Transmission Business Model discussions and workshops BPAT has heavily emphasized its desire to align its OATT with the *pro forma* and industry standards. While it is understandable that BPAT wants to avoid unnecessarily complicated or valueless deviations from the minimum standards in the *pro forma* OATT, City Light cautions BPAT from too heavily focusing on the *pro forma*, rather than on what products, services, and options are of value to customers. In some instances, it may be appropriate or necessary for BPA to offer products and/or services on a non-discriminatory basis that are superior to the *pro forma* to meet the specific needs of customers and the energy market in the Pacific Northwest. It is unclear to what extent "industry standards" from other regions of the country have been designed to serve the specific profile of customers in those regions, or are standard for jurisdictional transmission providers. It is possible that "industry standard" may not be the correct or best application to serve the unique profile of BPAT, its customers, and the region.

Queue Management. City Light supports the BPAT goal of offering transmission service to customers in a timely manner. However, we are concerned that in its attempt to achieve this goal, customers presently in the queue will lose the flexibility that was expected when they submitted requests. Additionally, it appears that it is possible that some of the proposed changes might significantly reduce the flexibility to the customer without providing much if any relief to those in the queue. If the primary barriers to clearing the queue are one or two flowgates, it is unclear whether these measures will be adequate to resolve the impediments to providing service at those flowgates. As mentioned above, it would be helpful if BPAT offered examples to illustrate the anticipated impacts of the conceptual proposals. City Light would appreciate if BPAT provided an estimate of how the proposed changes could affect potential queue wait times, and when customers would receive service after the proposed changes. This type of information would help customers assess the impact of these proposals as well as whether these changes are likely to achieve the desired outcome.

Tariff Engagement Design. As BPAT proceeds with changing its tariff revision process, it may be helpful to pursue the simpler changes first to build momentum and provide customers experience with the process before utilizing it for changes that might be more contentious. This approach may also be useful because BPA has indicated that it will phase in some of its proposed products, services, and offerings over several years, so not all the necessary changes to the tariff may be ripe for inclusion in the short term.

Conditional Firm. As noted by BPAT in its report back to participants at the end of the July 26 workshop, there are many outstanding customer questions around Conditional Firm. Moreover, it is unclear what the proposal is for Conditional Firm going forward. Will there be changes to how Conditional Firm is offered, if there are, what those changes might be, and what the process would be for implementing them? It is important that Conditional Firm service remain a flexible product available to help customers manage potential uncertainty.

Future Consideration of TBM Proposals. BPAT has previously mentioned that it is considering new products and services that would require tariff changes, however, no details on that what these products or services might be were discussed on July 26. If BPAT still envisions new products and/or services, it would be helpful to know when customers might receive more information about these proposals and when we will have an opportunity to evaluate these proposed offerings.

Additionally, City Light requests more information about when TBM proposals will be evaluated, both in this process and through existing financial evaluation processes such as the Integrated Program Review or Capital Investment Review. Knowing what and how BPAT plans to evaluate will provide some clarity and assurance for customers attempting to make informed decisions.

Stakeholder Feedback. City Light appreciates the emphasis BPA has put on seeking input from customers regarding the direction of the TBM and the related proposals, and BPAT's indication it is open to suggestions and counter-proposals from customers. As mentioned above, City Light requests that BPA provide a comprehensive analysis of its proposals, including the potential impacts. It is crucial that customers have information about the consequences of any proposed changes in order to provide useful feedback to BPAT.

As we continue in the TBM/PFGA stakeholder process it would be helpful to hear the suggestions and comments that other customers are providing to BPAT as well as BPAT's response and perspective on those comments. This would help us gain a fuller understanding of what impacts these changes might have, and inform City Light as it considers whether there are alternative solutions that may better meet customer needs.

Thank you for this opportunity to comment. If you have any questions or clarifications related to these comments, please do not hesitate to contact Stefanie Johnson at (206) 386-4539 or stefanie.johnson@seattle.gov. City Light looks forward to continued engagement on these issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Wayne Morter", with a long, sweeping horizontal stroke at the end.

Wayne Morter
Director, Power Management Division
Seattle City Light