

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 September 20, 2017.

The Network Customer Group is closely following BPA’s efforts to transform their Transmission System Business Model. We appreciate BPA’s outreach and willingness to consider our comments during this process.

Ancillary Services

Our understanding is that BPA intends to update its Tariff language for “Regulation and Frequency Response” terms in Schedule 3 to include “Speed and Accuracy”. We agree with this change. In addition, moving Terms and Conditions for Generation Imbalance and Capacity from the Rate Case Process to the Tariff is also warranted.

Real Power Losses

Calculating Losses Methodology

The Network Customer Group agrees with BPA’s need for a more accurate reflection of losses calculation and cost. As to the granularity of loss factors and cadence of updating those factors, we support rigorous analysis to ensure any changes are more efficient and cost effective than current practices.

- A periodic “reality check” is warranted to ensure that the Real Power Loss factors are still reasonable
- Any change in the Real Power Loss factors would warrant a public notice/meeting and opportunity for comment

Financial only Settled Losses

We caution BPA against moving too quickly toward mandatory financial settlement of loss returns. Current practices give Block and Slice/Block power contract customers the flexibility to choose in-kind, financial, or Slice loss returns. In addition, Load Following customers will often utilize in-kind loss returns as a least-cost option. Our preference is to maintain this flexibility. We believe this customer optionality is an effective check on the pricing of loss returns being in the hands of any one party. In addition, whatever pricing model BPA chooses should be open and transparent with an opportunity for customer comment.

Questions:

1. As BPA settles on a preferred path, will Real Power Loss Return product switching still be allowed?
2. Under any scenario, what will be the timing of Real Power Loss Returns? (i.e. current Real Power Loss Return business practice, version 13, holds that Slice loss returns are deducted 168 hours after service was provided).

Concurrent Losses

We encourage BPA to give due diligence to benchmarking similar entities to determine the potential for implementing concurrent loss returns. It is our understanding that OATI does not offer an “off the shelf” software product that would fit BPA’s needs, thus necessitating a level of investment that may not pass a cost/benefit analysis. That said, with the proviso that we wish to retain customer choice (financial, in kind, slice) of product, we support moving to concurrent losses if the analysis indicates a net gain for BPA and its customers.

Hourly Firm

The Network Customer Group supports BPA’s goal to ultimately transition away from offering unlimited hourly firm transmission. Over the long-term, such a transition is likely to preserve and enhance the value of Long Term Service for both NT and PTP customers. It should also help ensure that those customers who are willing to commit to take transmission service from BPA over the long-term are given due priority in how BPA manages congestion on its transmission system.

We do, however, recognize that BPA has provided unlimited hourly firm for decades. Many of its customers have come to rely on the unlimited hourly firm product for their load service needs. For such customers, BPA’s discontinuance of unlimited hourly firm may upend established load service practices and models. Until BPA presents a comprehensive OATT and associated business practices for stakeholder review, we ask BPA to continue to offer unlimited hourly firm. As part of BPA’s efforts, we generally support BPA’s proposal to extend the phase-out of unlimited hourly firm over a reasonable number of years so that BPA and its customers can develop viable alternatives for those who currently rely on unlimited hourly firm for load service.