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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 BPA's Transmission Business Model (TBM)/*Pro Forma* Gap Analysis (PFGA) Workshop held September 20, 2017. City Light welcomes this opportunity to provide feedback on the topics discussed, and offers the following comments:

General Comments.

City Light appreciates Bonneville's ongoing effort to engage customers in the TBM/PFGA process. As the process moves forward, City Light believes it would be beneficial to have Bonneville provide clarification regarding some of the overarching issues addressed in the workshops.

First, City Light requests that Bonneville provide customers with additional information regarding what specific outcomes are a priority for BPA to achieve through the TBM/PFGA. Stated plainly, City Light would like BPA to clarify what problems it is attempting to solve through these changes—*i.e.*, is the point to simply have a tariff that more closely aligns with *pro forma*, or are there specific outcomes that come from closing the identified gaps that are of value to BPA? To what extent is BPA weighing the trade-offs of some of these proposals? Many of these proposals will have a multi-faceted impact on BPA's operations and customers. Information regarding BPA's priorities and the parameters it is willing to consider would be particularly valuable as customers assess the proposals and consider alternative approaches. It is difficult to offer solutions or alternatives if customers don't know what outcome BPA is trying to achieve, what problem it needs to solve, and/or what other considerations BPA is weighing.

Second, it would be helpful if BPA clarified whether it is willing to consider new products and services that are not a part of the *pro forma* tariff or are outside of the industry standard as alternatives to the status quo. City Light is concerned that up to this point, the TBM/PFGA discussion has not left space to consider products and services that exceed *pro forma* and industry standard, even if they would provide value to customers. If BPA is contemplating excluding any products and services that are not *pro forma* or industry standard, BPA should first engage customers in a discussion of whether these generic standards alone are applicable to and/or best for the West before making such a decision.

Hourly Firm.

As City Light mentioned at the workshop and in our previous comments, having a shapeable product is important to us. We rely on hourly firm to manage irregular blocks of power that are represented by multiple tags/schedules from multiple counterparties. Because of how market transactions are carried out, we do not know where power is sourcing or sinking until the preschedule window. If City Light had to instead rely on using blocks of daily firm, it would considerably overstate our transmission use, resulting in false congestion. Moreover, because these blocks of daily firm won't be representative of actual use, the transmission service reservations will not improve Bonneville's forecasting ability.

Additionally, hourly firm redirects allow for "sharing" of transmission between counterparties to facilitate energy schedules across the BPA balancing area. This common practice encourages efficient use of point-to-point transmission. Without hourly firm redirect capability, we would be required to take a hub approach, with each party using a leg of transmission to deliver power. This would not help Bonneville gain better visibility on its system or relieve congestion.

Because hourly firm is an important product for many of Bonneville's users of the transmission system, this issue merits a longer discussion with customers before BPA continues any further with the proposal to eliminate the product. BPA should provide more detail on what it is hoping to accomplish through this proposal, and together, BPA and customers, can more fully explore and evaluate what impacts achieving these priorities would have on customers, as well as what other options are available.

Additionally, City Light has specific questions regarding this proposal that we would like addressed:

- What does BPA envision will happen if hourly firm is eliminated? If customers move to daily firm, how would that help with ATC, and would it be available? If we move to hourly non-firm, will it be unlimited, and, if not, how will that inventory be managed?
- Are there ways we can achieve BPA's objectives while still providing products and services that provide customers flexibility and promote a liquid market?
- Will BPA consider non-*pro forma* alternatives for flexible short term products if they achieve BPA's objectives of meeting customers' needs?
- Is there additional information available regarding the use of hourly firm? For example, how much of the power delivered over hourly firm sinks in BPA's BAA?

In addition to addressing the above questions in an extended discussion, Seattle City Light requests that BPA evaluate the following alternative flexible products:

- Continue Hourly Firm but only offer day-ahead.
- Daily product with a non-flat profile offered day-ahead (each hour can be different).
- Daily HLH product and daily LLH product.

Loss Returns.

City Light supports BPA's proposal to update the rate charged for financial return of losses for customers who may be interested in that option. City Light requests BPA study and develop financial and physical return options, between which BPA is indifferent, and allow customers to make their own decisions.

BPA indicated that would like to modify its approach to losses to, at least in part, eliminate the need for a unique software application and the costs associated with its upkeep and processing. This is another instance where it would be helpful to better understand the specific aim of BPA. Is BPA seeking to make this change because it would be a cost reduction, or are the software and the losses calculation in need of an entire overhaul?

Regarding the topic of the granularity of loss returns, City Light encourages BPA to consider ensuring consistency between the period BPA measures total transmission system use and total system losses. A decision about the time interval to determine losses may be informed by BPA's survey of the systems available and used for this purpose as well as BPA's consideration of how it would deploy a new system.

City Light supports BPA revisiting the policy of loss returns 168 hours after the transmission use. City Light looks forward to seeing what options BPA will propose.

Ancillary Services.

Over the previous twenty years, the types of resources interconnecting to BPA's transmission system and the requirements for ancillary services have changed dramatically and not always in ways that parties predicted. To meet these needs, BPA has revised its level of service, offered new products, and looked for adaptive means, not always in the *pro forma* tariff, to accommodate the new generators in the region. The next twenty years are likely to be eventful and difficult to predict. In light of this, City Light encourages BPA to emphasize innovation and continuous improvement.

Moreover, BPA's Solar Task Force is still working on several topics including ancillary services. BPA should ensure that the recommendations of the Solar Task Force are considered and incorporated into any of the suggested TBM/PFGA revisions.

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,



Wayne Morter
Director, Power Management Division
Seattle City Light