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September 12, 2017

DIEGO OCHOA
BONNEVILLE POWER ADMINISTRATION
PO BOX 61409
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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 August 29, 2017, as well as some anticipatory remarks about the upcoming September 20 workshop. City Light appreciates this opportunity to provide feedback on the topics discussed, and offers the following comments:

General Comments. City Light appreciate BPAT's willingness to engage with customers while it is developing the TBM proposals, particularly because some of these proposals and issues will have serious implications for customers' ability to serve load and commercial operations. Thus, it is important that BPA ensure that customers are able to provide feedback about how they might be impacted by any of the proposed changes. City Light thinks that it would be particularly useful for BPA and customers to discuss the value of moving toward the *pro forma* in all of these areas. While the *pro forma* is a useful starting point for these discussions, it sets a minimum for product and service offerings, and alone may not be sufficient to provide the products, services, and options that are of value and that meet the specific needs of customers and the energy market in the Pacific Northwest. City Light encourages BPAT to ensure that any changes it makes through the TBM should provide value to all customers without diminishing the value to any specific customer or product.

The August 29, 2017 workshop again highlighted the interrelated nature of the issues under discussion in the TBM workshops, however, customers still lack adequate details about any of the proposals to fully understand what the implications of each proposal individually and/or in concert with one another. While we appreciate BPAT's effort to engage customers, without sufficient detail on much of what has been introduced, and/or a comprehensive view of how these proposals interact, it is difficult to provide helpful feedback. Additionally, these discussions have raised other questions for City Light regarding implementation of any changes decided upon in the TBM process. For example, what staff and consulting resources will BPA require to implement the proposals, and at what cost to customers? How long will it take to BPA to process requests? Will BPA publish estimates of transmission rates under different TBM scenarios before choosing which scenario to pursue? Will BPA be re-examining its transmission-only financial processes (CIFA, REBA, CIFP) to assess whether they will still be needed after this process is complete? Will BPA use the IPR, CIR, and/or Focus 2028 to review alternatives and the financial impacts of the TBM proposals to customers?

Additionally, City Light asks that BPA provide as much lead time as possible for any TBM proposal that is adopted to give customers the chance to adjust their business processes and/or make necessary system modifications. City Light encourages BPA to regularly inform customers about the status and progress of transmission initiatives in the future as BPA begins to make and implement decisions from this process.

Study Process. City Light suggests that BPAT might be able to draw from and/or build upon the work done in the 2013 Network Open Season reform process. BPAT and stakeholders have already done a great deal of work and developed recommendations that are still applicable to the study process and could be implemented through this process. Furthermore, those recommendations addressed an event BPA has experienced in the past, but is not considered in the *pro forma*—specifically what to do in the event that a customer defaults on a transmission request. Another Queue Management-related event that BPA stated it has experienced, but is not contemplated in the *pro forma* is a situation in which customers would decline transmission when offered but stay in the queue. As mentioned above, City Light encourages BPA to consider solutions that may not be enumerated in the *pro forma*.

Regarding the inclusion of non-wires options in the study process, City Light suggests looking to the recommendations in the Columbia Grid South of Allston paper that was recently made public.

Available Transmission Capability (ATC). City Light appreciates BPAT's efforts to develop a more accurate assessment of ATC, as we believe this is a laudable goal. Specifically, City Light supports BPAT's objective of developing an ATC that provides a "better reflection of real constraints". In pursuit of this goal, City Light encourages BPAT to reconsider existing transmission commitments as well as the many assumptions about use that could be replaced with actual use. One way Bonneville might be able to improve its reflection of actual transmission use and subsequent constraints would be achieved by netting firm reservations in the ATC calculation.

In the ATC presentation, BPAT asked customers to comment on the potential goals for the Calibrated Model Assumptions, specifically seeking input on what the correct amount of risk is to assume in the ATC calculation. City Light believes that this is the wrong question at this stage; there does not need to be a fundamental change in the risk that customers face in order to increase ATC. Instead, as BPAT improves the accuracy of the information it uses to calculate ATC, it can increase ATC through incorporating smaller buffers without introducing additional risk to customers.

Hourly Firm. In the August 29 ATC discussion, customers had numerous questions and comments about the interaction between the proposed ATC changes and the proposal to eliminate hourly firm. In response to customer feedback, BPAT suggested that it would be helpful to hear from customers regarding the proposed elimination of hourly firm in advance of the September 20, 2017 TBM workshop. In light of that request, City Light offers the following comments:

City Light relies heavily on hourly firm; we use it in every hour to serve our load. City Light's business processes, both in preschedule and real time, are geared around redirecting our transmission rights to hourly firm. We are concerned about having to redirect to standard product blocks of daily firm because this would eliminate City Light's ability to shape energy through the day. For example, will customers be forced to allocate higher capacities of transmission for non-standard and shaped schedules? Will we be required to use the highest hourly value in a shaped schedule for redirecting for the whole day? Will we need to redirect all heavy load hours to accommodate a super-peak schedule?

Eliminating the hourly firm product would dramatically reduce the value of our transmission rights and would require a heavy lift to change our automated redirect practices. In the worst case, this change jeopardizes reliable load service. City Light is very concerned about the proposal to eliminate hourly firm, as it is unclear that there is any benefit to customers from this change. Again, we believe this may be an instance in which strict adherence to the *pro forma* may not provide products, services, and options that meet the specific needs of the region, specifically the liquid hourly market that is created by Pacific Northwest hydro. We are interested in hearing more about the alternatives BPAT envisions for customers, and the anticipated benefits. City Light does not want hourly firm to be eliminated without a clear indication that customers will benefit from this change, and that the proposed alternatives are workable.

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