

Comments of Sacramento Municipal Utility District (SMUD), Transmission Agency of Northern California (TANC), and Turlock Irrigation District (TID) on the Bonneville Power Administration's (BPA's) Proposed Elimination of Federal Hourly Firm Service

October 4, 2017

Introduction

SMUD, TANC, and TID (jointly the “Northern California Utilities”) appreciate this opportunity to comment on *BPA's Transmission Business Model/PFGA Customer Workshop of September 20, 2017*. We understand that important pre-decisional matters are discussed during BPA's workshops and look forward to engaging in the process. Our comments below address BPA's proposed elimination of its Hourly Firm transmission service.

General Comments

The Northern California Utilities' principal observations are that (1) to our knowledge the alleged problem to be solved by eliminating Hourly Firm federal transmission service has not been well defined, (2) an analysis of the specific problem and the potential impacts of the proposal to fix the alleged problem, including the potential for market disruption, the creation of new seams issues, and shifts in economic rents has not been conducted and/or shared, and (3) the implementation details of the proposal have not been fully explained (*e.g.*, timing and procedure for adoption). Although this necessary information and analysis has not been provided, BPA appears to have already determined that it expects to retire the Hourly Firm product based on the commentary of some entities, and on BPA's assertions regarding congestion management and preserving the value of long-term firm (LTF) service.

Based on these initial observations and concerns, Northern California Utilities request that the following issues and questions be addressed by BPA in writing and fully vetted in future workshops before any type of decision is reached on this proposal.

1. What is the specific problem that BPA is trying to address by eliminating federal Hourly Firm service?
 - a. What is the evidence supporting any assertion that there is a problem?
 - b. What analysis of the extent of this problem has been conducted?
 - c. Is the problem uniform across the entire BPA system? Or has BPA identified different issues and/or degrees of the problem on different interties or the network?
 - d. What is the process for evaluating alternative solutions to the problem?
2. Would the idea of Conditional Hourly Firm service be acceptable to market participants, including those working with standard enabling agreements (*e.g.*, WSPP)?
3. What is the proposed process for adopting the change?

4. Will the solutions include OATT changes by BPA?
 - a. Does BPA plan to utilize a public stakeholder process for the OATT changes?
 - b. Will FERC be involved in review of any OATT changes?
5. Will markets be disrupted by the elimination of federal Hourly Firm service or the replacement by Conditional Hourly Firm?
 - a. What studies have been conducted in this regard?
6. Will non-federal LTF rights holders (who would still be able to resell their firm capacity rights on an hourly basis) benefit unduly because of market power over southbound transmission capacity and BPA's withdrawal from the Hourly Firm market?
 - a. If so, how will markets be affected?
7. What are BPA's expectations as to impact on curtailments of schedules on the BPA system including the interties if the Hourly Firm product were to be retired?

Each member of the Northern California Utilities reserves the right to change or supplement its position through this workshop process. Please contact us with any questions. We look forward to further participation in the process.

Thank you.

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