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Sent: Friday, August 16, 2013 5:06 PM

To: Tech Forum

Subject: BPA Commercial Initiatives: Sequencing & Cumulative Impacts

Thank you for the opportunity to submit comments on BPA's prioritization of commercial initiatives. While I represent renewable energy developers and renewable energy project operators in the Northwest, these comments have not been reviewed or approved by any specific transmission customer of BPA.

Delivery of Third Party Balancing Reserves

Reliable delivery of third party balancing reserves is a significant issue.

In the future, BPA should address the potential impact of delivering balancing reserves on non-firm transmission in order to support a firm schedule. Use of non-firm transmission to deliver balancing reserves should not negatively impact a generation schedule using firm transmission rights.

BPA should not pay a premium for third party reserves located close to load. I agree that the evaluation of third party balancing reserves should consider deliverability. But in the rate case, BPA claimed that the need for reserves was driven by wind - not load. Accordingly, BPA should limit consideration of deliverability to confirm that a third party balancing resource has adequate transmission to support the wind fleet's demand for reserves. BPA should not consider paying a premium to purchase reserves located close to loads on the I-5 Corridor.

Short-Term Preemption and Competitions

Competition and Preemption of short term transmission requests is a critical component of the bilateral market designed by FERC. The requirement for transmission providers to conduct short term competitions dates back to Order 888 issued in 1996. The purpose of short term competition was to ensure that customers who valued transmission the most (and were accordingly willing to pay for longer terms of service) would have priority over customers only willing to pay for transmission for a shorter term. BPA should be congratulated for moving to implement short term competitions. While many customers have expressed concerns, the market should be able to adapt quickly to the enforcement of the longstanding rules related to competition and preemption.

Managing Hourly Firm Sales

I agree that BPA should not sell hourly firm transmission which it does not have available. It is very important to ensure that sales of hourly transmission products do not have any negative impact on customers who have committed to long term transmission service.

However, I disagree with the suggestion that BPA should consider the impact on liquidated damages provisions if non-firm transmission is curtailed. In making policy decisions related to transmission, BPA as a transmission provider should not consider the impacts to the trading strategies of some of its customers. If BPA acts to protect some customers from the terms of their contracts, will be disadvantaging the customers on the other side of those contracts. Instead BPA should provide sufficient notice of changes in the marketing of its transmission products to allow customers to make their own marketing decisions. BPA should not pick winners and losers in the power market.

15 Minute Scheduling

I am disappointed in the timeline BPA announced for implementing 15 minute scheduling. Not too long ago, BPA took the lead in implementing sub-hourly scheduling. It is disheartening that BPA has chosen to abdicate that leadership position, and worse, by delaying its implementation of 15 minute scheduling BPA will seriously delay further development of subhourly markets.

BPA's key takeaway should be that BPA will reallocate resources sufficient to implement a reliable and robust 15 minute scheduling program as soon as possible after the compliance deadline. At the very least, BPA should coordinate with the CAISO to implement 15 minute scheduling in conjunction with CAISO's own Order 764 compliance program. Failing that, BPA should commit to implementing 15 minute scheduling in May 2014 at the latest.

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