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RE: Comments on the Conditional Firm Transmission Service Business Practice, Version 23

To whom it may concern,

Powerex appreciates the opportunity to review and comment on the proposed revisions to the Conditional Firm Transmission Service ("CFS") business practice found in proposed Version 23.

Powerex believes that CFS is a complicated and infrequently utilized component of LTF service and that Bonneville, Powerex, and other customers would benefit from a broader collaborative discussion of CFS through a public workshop process. Powerex provides initial comments below on this topic, but Powerex hopes that these comments will be the beginning of a regional dialogue. Powerex is confident that through regional dialogue Bonneville and its customers can reach a common understanding of how CFS may best be implemented on Bonneville's transmission system.

Proposed Revisions

Bonneville's proposed changes in Version 23 consist primarily of additions to the section addressing Reassessment CFS. Reassessment CFS may be re-evaluated no more frequently than biennially, and the current version of the business practice states that this reassessment cannot occur earlier than two years after execution of the Table. The additions proposed in Version 23 add two more clarifications: (1) Bonneville's reassessment may occur prior to the Service Commencement Date ("SCD") if the SCD of the reservation occurs more than two years after the execution of the table; and (2) reassessment is not limited to the number of hours or system conditions listed in the CFS table for the reservation, but reassessment may include re-evaluation of all constraints and conditions impacted by the reservation. Besides these two clarifications, Bonneville also proposes to remove certain criteria applicable to resales of CFS.

Powerex Comments

CFS was implemented by Bonneville several years ago after FERC first established CFS in Order 890. In Order 890, FERC created a new "component" to LTF service to allow conditions to be placed upon LTF service during specified hours or system conditions. This additional component to LTF service prevents a transmission provider from denying a LTF service request given an "infrequently" occurring system condition, i.e., to address the "all or nothing" problem associated with procedures for requesting LTF service.

Importantly, the new CFS component to LTF service did not create a separate or distinct service from LTF service. LTF customers with a CFS component are part of the LTF queue, are processed in the same queue priority as any other LTF request, and pay the same rate for the service as other LTF customers. In other words, LTF service with a CFS component is not a lesser form or class of service, but CFS is simply LTF service that may receive a lower priority of service during discrete and identified hours or system conditions. Further, CFS is generally intended to be an interim measure until transmission systems are upgraded or otherwise able to provide the requested LTF service either on a short-term or long-term basis. In providing guidance on CFS, FERC also included protections for transmission providers, allowing them to

perform biennial reassessments to evaluate whether the conditions should be tightened or loosened, given reliability limitations.

CFS presents a more complicated and less frequently used component of LTF transmission service, which necessitates clear business practices to ensure that transmission providers and their customers have a clear and common understanding of how CFS will be provided consistent with the pro-forma OATT and established FERC precedents. With this context, Powerex appreciates Bonneville's efforts to administer business practices that clarify how it implements CFS under its open access transmission tariff ("OATT"), since these business practices are key documents that provide additional clarity to transmission customers.

The current proposed revisions to the Reassessment CFS section, however, bring to light the need for additional clarity, as there are additional issues and details associated with CFS that are not addressed by the proposed revisions themselves or elsewhere in the CFS business practice or in Bonneville's OATT.

More specifically:

> The proposed revisions state that Bonneville may conduct reassessment prior to the SCD if the SCD occurs more than two years after execution of the service agreement, but the revisions do not address how the customer's Reassessment CFS will be affected by any additional LTF capacity that becomes available during the interim period between execution of the service agreement and reassessment or during reassessment itself.
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> For instance, LTF capacity may become available due to customers declining to renew service, changes in system conditions, or system upgrades. Powerex believes that, at minimum, any LTF capacity that Bonneville determines to be available should be offered to the customer with the highest ranked queue position taking LTF service with a CFS component on the relevant path, when the LTF capacity is created either by customers declining service or by changes in system conditions. This practice would effectively "firm up" a customer's CFS to the extent of the LTF capacity available. For LTF capacity created by system upgrades, that capacity should be awarded to the customer who paid for the upgrades and who is presumably taking Bridge CFS, consistent with FERC precedent. Yet, should excess capacity be created beyond the requirements of those customers funding the upgrades, Bonneville should offer it to Reassessment CFS customers on the first-come, first-served principle.
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> Accordingly, Powerex respectfully suggests that Bonneville discuss with its transmission customers how it will offer to firm up customers taking Reassessment CFS on a given path, in order of queue position, when additional LTF capacity becomes available.
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> Powerex believes such revisions would provide additional clarity to LTF transmission customers and would be consistent with provisions in Bonneville's OATT, which generally follows FERC's first-come, first-served principle. Such revisions would also align with FERC precedent. In Order No. 890 and subsequent orders, FERC explained that "subsequent firm transmission service requests should not be placed ahead of the conditional firm service" and that Order No. 890 was intended to "allow[] customers to keep their place in the queue ahead of other customers seeking conditional firm, planning redispatch options, or other firm services." FERC also explained that a transmission provider's biennial reassessment may find that the conditions are no longer warranted (or are still warranted but to a lesser extent) and in such circumstances the customer's reassessment CFS should be firmed up.

In addition, providing additional detail regarding the firming up the Reassessment CFS customers would address a situation where a Reassessment CFS customer would remain with Reassessment CFS even if no other customer wanted the available LTF capacity.

Finally, Powerex respectfully suggests that Bonneville discuss with its transmission customers Section F of the CFS business practice and how it may be further clarified. Specifically, in Order No. 890 and progeny, FERC directed transmission providers to allow for automatic assignment of short-term firm point-to-point service to CFS customers to the extent short-term service becomes available. However, Section F (Priority Rights to Short-term Firm) states that Bonneville will assess the availability of STF ATC on a *monthly* basis. Short-term firm service encompasses service durations shorter than monthly, such as daily or weekly, but Bonneville's business practice does not presently include any evaluation of whether these shorter-term products would be available to firm up CFS customers.

As indicated above, Powerex suggests that Bonneville hold a public workshop process to collaboratively discuss and review Bonneville's CFS implementation practices. This public process would allow for more efficient discussion and engagement with customers on this important topic.

Sincerely,

Raj Hundal
Manager, Market Policy and Practices