

Public Utility District No. 1 of Snohomish County (Snohomish) appreciates the opportunity to provide comments on the Bonneville Power Administration's (BPA) proposed draft Unauthorized Increase Charge (UIC) business practice, Version 3. Through these comments we intend to address potential areas of confusion in the draft language as well as what appears to be a more strict interpretation of the UIC calculation than is supported by BPA's Policy Reference, the Transmission, Ancillary and Control Area Service Rate Schedules and General Rate Schedule Provisions.

Background

Snohomish is currently a customer of BPA Transmission, holding over 2000 MW of transmission in our multiple-to-multiple point-to-point (PTP) contract portfolio spanning over 170 LTF AREFs. We take pride in and endeavor to schedule our transmission contracts as accurately as possible, in accordance with BPA business practices. No system is perfect, and capacity exceedances are a possibility within complex portfolios. We believe it is the responsibility and the goal of both the transmission customer and BPA as the transmission provider to have proper systems in place to minimize the chance of an exceedance. It is with this perspective – how prospective changes impact the ability to correct or mitigate a human or system error that would expose the transmission contract holder to a potential UIC – that Snohomish interprets the proposed draft business practice.

Snohomish is also viewing this proposed language in light of Slice scheduling rules. As a Slice customer, tags are "locked" by contract at XX:30 each hour. In the event of a tagging error, which could result in an inadvertent transmission capacity exceedance, this leaves little if any time for the Slice customer to mitigate the error using options such as transmission service redirects or direct purchases of capacity to apply to the affected POR or POD.

Further, Snohomish has no ability to approve or deny Slice tags if we are not a transmission segment owner; in the event that an incorrect AREF is added to a tag, Snohomish must contact the tag author for a correction. Any communication and correction must happen within a very short time frame, given the lock time for Slice schedules at 30 minutes past the hour.

Finally, the existing OASIS application platform does not contain any validations or warnings should a customer attempt to resell an already fully scheduled AREF – a major gap in the system that puts any customers actively redirecting and assigning transmission at risk. This further complicates an already complex and time constrained scheduling environment.

While these issues are not a direct commentary to the business practice revision language, it is important to recognize that these are the challenges faced by schedulers on a daily basis. Given the magnitude of the potential penalty rate, any increased restrictions on the ability to correct or mitigate possible UICs should be made only after very careful consideration and the utmost of care.

Discussion of Specific Language

Snohomish's interpretation of the draft language is that: 1) the addition of the "service duration" condition unduly restricts and/or limits the ability of a customer to correct or mitigate a potential capacity exceedance; and 2) the BP as proposed goes beyond what is considered in BPA's Policy Reference.

Service Duration Requirement is Unduly Burdensome

The core change in language in the v3 draft is the addition of the redlined sentence in Section A. 1. "...exceeds the reservation capacity rights *by Transmission service type (documented as service code on the Reservation)*..." (emphasis added). This language suggests that customers will be evaluated for capacity exceedances based not only on 1) the firmness of the capacity; but also 2) the transmission service duration. For example, our understanding of the proposed language is that if a customer exceeds the capacity of a Long Term Firm (LTF) Yearly transmission service reservation for the next hour, that customer would not be able to assign capacity to the tag from a shorter duration, but equally firm, reservation to mitigate the potential exceedance.

In the above example, if a customer were to discover it had exceeded its firm capacity rights on a LTF-Yearly reservation for next hour, once discovered, our understanding of the proposed language is that the customer's only option would be to either: 1) secure a long-term firm redirect from another POR/POD; or 2) purchase enough LTF-Yearly from inventory to cover the overage. Neither of these options is reasonable nor financially feasible from a transmission customer's perspective. Further, OASIS does not allow users to relinquish firm redirects back to the parent AREF – once a firm redirect is confirmed, it cannot be undone. This exacerbates the infeasibility of executing longer-term redirects to relieve a capacity exceedance.

Under existing scheduling practices, a customer could execute a STF-Hourly (or STF-Daily) redirect ahead of flow to the same POR/POD combination to address an exceedance, provided short term ATC is available to support the redirect. Our belief is that from a transmission provider's perspective, the customer's schedule is kept whole for that hour because they have reserved sufficient firm capacity to fulfill the network usage. No power is flowing on unreserved transmission and the reliability of the transmission system is maintained. Historically, such an action has been sufficient to either mitigate and/or avoid potential UICs, depending on the timing of the corrective reservations. Inserting a requirement to mitigate or redirect with a like-service duration transmission reservation appears to be arbitrary, and Snohomish staff does not understand the intent behind BPA's draft proposal.

Proposed Language Exceeds Policy Reference

Another component of the proposed draft business practice is language that has been struck from Section A. 1. in favor of the service type language. In the current version (v2), UICs are calculated "as described in the UIC provision in the Transmission Rate Schedule." The Transmission Rate Schedule is also the policy reference for this business practice, and contains helpful guidance for the procedure of establishing the billing determinant for UICs:

"For each hour of the monthly billing period, BPA shall determine the amount by which the Transmission Customer exceeds its capacity reservation at each POD and POR, to the extent practicable. BPA shall

use hourly measurements based on a 10-minute moving average to calculate actual demands at PODs associated with loads that are one-way dynamically scheduled and at PORs associated with resources that are one-way dynamically scheduled. To calculate actual demands at PODs and PORs that are associated with two-way dynamic schedules, BPA shall use instantaneous peak demands for each hour. Actual demands at all other PDs and PORs will be based on 60-minute integrated demands or transmission schedules.

For each hour, BPA will sum these amounts that exceed capacity reservations for all PODs and for all PORs. The Billing Factor for the monthly billing period shall be the greater of the total of the POD hourly amounts or the total of the POR hourly amounts.”¹

BPA has eliminated the reference to this procedure in the business practice and instead adds an evaluation criteria (“Transmission service type”) not considered in the policy guidance, nor supported by historical precedent. The rate schedules reference only the capacity reservation on an hourly basis, without a qualifier regarding duration. Further, by eliminating the reference to the rate schedule, it is unclear how BPA would evaluate a UIC penalty against a dynamic schedule within the business practice. As written, this creates uncertainty between which document would govern calculating a dynamic schedule UIC – the business practice or the rate schedules.

Proposed Next Steps

Snohomish understands and can appreciate that one of BPA’s policy objective goals with the new language is to ensure that a firm capacity exceedance is corrected or mitigated by a product of comparable firmness. Snohomish would be interested in reviewing a proposed draft of the business practice with language to that effect. In our view, based on our current understanding, the addition of service duration seems beyond BPA’s policy reference, is counter-productive for the transmission customer attempting to address a potential or actual capacity exceedance, and counter-productive for the transmission provider trying to minimize the occurrence of billed UICs.

Ahead of BPA staff providing further language or edits, Snohomish requests that BPA consider seeking additional discussion on the proposed changes to this business practice and are supportive of working with BPA staff to craft language.

Snohomish appreciates the opportunity to provide feedback on the proposed business practice. Please do not hesitate to contact us if you have any questions.

¹ 2018 Transmission, Ancillary, and Control Area Service Rate Schedules and General Rate Schedule Provisions, Page 85