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Subject: TransAlta Comments on UIC Business Practice v3

Matt:

At BPA's September 24, 2019 customer call regarding the Unauthorized Increase Charge ("UIC") business practice, BPA requested comments on the proposed Version 3. Comments from TransAlta Energy Marketing (U.S.) Inc. ("TEMUS") follow, but they primarily address larger policy issues that surfaced during the call, instead of the proposed edits themselves. TEMUS requests that implementation of UIC Version 3 be suspended so BPA and customers can continue to meet, resolve the policy issues first, and then consider appropriate edits to the UIC business practice language.

TEMUS has three policy concerns that became apparent during the September 24th call.

1. UIC is a heavy penalty in BPA's Transmission, Ancillary, and Control Area Service Rate Schedules and General Rate Schedule Provisions that compels customers to reserve adequate capacity from Point of Receipt to Point of Delivery. It also compels schedulers to submit accurate e-Tags that do not exceed reserved capacity (do not "over-schedule"). UIC helps prevent willful over-scheduling for economic reasons that can endanger the transmission system.
2. The discussion revealed that BPA staff and transmission customers disagree about how UIC is and should be applied, by way of the business practice. BPA staff wanted to remain focused on just the Version 3 edits, while customers, TEMUS included, voiced concerns that a bigger policy issue must be resolved first: We believe the business practice is moving further away from UIC's purpose and intent, and that the business practice comment-and-response process is not the right forum to resolve the disagreement.

3. Unintentional over-scheduling is rare, but it can occur and draw costly UIC penalties. Simple mathematical errors can be to blame, but more often TEMUS has observed technical reasons are the cause, like validation failure when transmission service requests are being submitted, approved, and tagged quickly. BPA granting UIC relief in circumstances when there is no harm to the transmission system or other users is appropriate, but TEMUS is very concerned that as the business practice becomes more prescriptive, relief becomes more difficult to obtain, even when it is reasonable and appropriate.

TEMUS requests that BPA suspend implementation of UIC business practice Version 3 until the broader policy issues are resolved.

TRANSALTA ENERGY MARKETING (US) INC.

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