

Response to Customer Comments – Conditional Firm Transmission Service

BPA Transmission Business Practice

Version 23
Posted 6/25/2019

Response to Customer Comments – CONDITIONAL FIRM TRANSMISSION SERVICE

Version 23

This document contains customer comments and BPA Transmission Services' response to the Conditional Firm Transmission Service, Version 23 posted for comment from May 14, 2019, to May 29, 2019.

For more information on business practices out for comment, visit the BPA Transmission Business Practices [Comments and Responses page](#).

Table of Contents

A. Avista Corporation, Idaho Power Company, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc.	2
B. Powerex.....	5

A. Avista Corporation, Idaho Power Company, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc.

Avista Corporation, Idaho Power Company, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. (“Commenting Parties”) submit the following comments on the BPA draft Conditional Firm Transmission Service Business Practice Version 23 (“Draft”).¹

The Draft proposes the addition of the following as item J.2.a:

- a. Reassessment may occur prior to the SCD [TSR’s Service Commencement Date] if the SCD of the reservation occurs more than two years after the execution of the Table.

The proposed language appears to indicate that—“if the SCD of the reservation occurs more than two years after the execution of the Table.”—the biennial period for reassessment² may commence to run prior to the commencement of the term of service.

However, the biennial period for reassessment should not commence to run prior to the commencement of the term of transmission service. The language of item J.2.a of the Draft should be revised to indicate that the biennial period for reassessment commences to run upon the commencement of the term of transmission service. This is consistent with language in Order 890, paragraph 959, which includes the following:

The transmission provider shall have a periodic right to reassess (1) the planning redispatch required to keep the service firm or (2) the conditions or hours under which the transmission provider may conditionally curtail the service. *This reassessment may occur every two years during the term of the service, i.e., at the end of year two, year four, year six, and year eight of a ten-year service.*

(Emphasis added.) Similarly, Order 890 paragraph 981 includes the following: “The transmission provider will retain the right to reassess the planning redispatch and conditional firm option after the first two years of service, and every two years thereafter.” Order 890-A paragraph 585 includes the following: “We reiterate, however, that only one reassessment may be performed in each two-year period of service.” In short, FERC’s language indicates that the biennial period for reassessment should not commence to run prior to the commencement of the term of transmission service.

¹ Available at <https://www.bpa.gov/transmission/Doing%20Business/bp/Redlines/Redline-Contitional-Firm-Transmission-BP-V23.pdf> .

² See BPA OATT Section 15.4; see also FERC *pro forma* OATT Section 15.4.

Consistent with FERC's language, item J.2.a of the Draft should be revised to read as follows:

- a. Reassessment may occur no more frequently than every two years during the term of the service--i.e., no more frequently than after the first two years of service, and every two years thereafter.

BPA Response

BPA appreciates the comments submitted by Avista Corporation, Idaho Power Company, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. BPA will adopt the proposal for the Service Commencement Date (SCD) to establish the biennial reassessment period and it will discontinue the policy of allowing a reassessment to occur prior to the SCD. Version 23, Section J,2 of the Conditional Firm Business Practice will be updated with the following language:

2. BPA Transmission Services may perform a Reassessment of the Customer's Number of Hours or System Conditions no more often than once every two years. The first Reassessment may occur no earlier than two years after the Service Commencement Date of the Table.

- a. *Reassessment is not limited to the Number of Hours or System Conditions listed in the CFS Table for the reservation. Reassessment may include reevaluating all constraints and conditions, associated with all Flowgates, Interties, and External Interconnections impacted by the reservation.*

BPA declines to adopt the commenters' specific language because it wants to specify when the 2-year period begins (the SCD of the Table). Additionally, under Section J,3, of the Conditional Firm Business Practice, BPA has an ongoing right to reassess a Conditional Firm reservation if it chooses not to reassess by the two-year anniversary of reassessment eligibility (e.g. two years after the SCD or two years after the last reassessment).

With regard to changed Number of Hours resulting from reassessment, Section J.4 of the Draft should be clarified as follows, to more fully and clearly explain the process by which the number of hours can increase or decrease as a result of reassessment:

Reassessment results must be provided to the Customer at least 90 calendar days prior to the date on which the new Number of Hours or System Conditions CFS would go into effect. Such notice will include the offer of a new Table. The Customer shall pay all Reassessment study costs:

- a. If the Number of Hours necessary to continue the CFS has increased or there is a change in the System Conditions:
 - i. The Customer has the option to discontinue the CFS or to execute a new Table with the increased number of CFS hours or changed System Conditions. Note: It is the Customer's responsibility to ensure that any such e-Tags are withdrawn so that they do not incur an Unauthorized Increase Charge.

- ii. If the Customer chooses to discontinue the CFS, any CF Inventory is then available to be offered to the next eligible TSR(s).
- b. If there is no change in the Number of Hours, the Number of Hours decreases or there is no change in the System Conditions, the Customer must continue taking CFS through the term of the reservation and must execute a new Table with the decreased number of CFS hours if the Number of Hours is decreased and is the option that the Customer selects upon reassessment.

With this clarification, the language regarding execution of a new Table is more parallel for both increases and decreases in the Number of Hours.

BPA Response

BPA declines to adopt the proposed language because it cannot force a customer to execute a Conditional Firm Table and because it is outside the scope of the limited changes that BPA proposed. In addition, if there is no change in the Number of Hours or System Conditions, there is no need for BPA to offer (or for the Customer to execute) a new Table. If the Number of Hours decreases, BPA will offer the Customer a new Table reflecting the decreased Number of Hours, and BPA fully expects the Customer to execute such a Table. However, if the Customer fails to execute the Table, BPA will continue to provide CFS under the previous Number of Hours.

B. Powerex

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.

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.

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.

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.

BPA Response

Although Powerex's comments are outside the scope of the limited business practice changes that BPA proposed, BPA is willing to have further discussions regarding its CF policies, as described in the last paragraph of this response. However, BPA disagrees that customers taking Reassessment CF service should be entitled to long-term firm capacity that subsequently becomes available. Powerex's citation of Order 890, para. 1081, which states, in part, that "subsequent firm transmission service requests should not be placed ahead of the conditional firm service," is taken out of context. Para. 1081 "addresses only rollover rights for service that is paired with a transmission provider's biennial reassessment right." It is not related to the assignment of long-term capacity to a Reassessment reservation.

Also, the NAESB Business Practice Standards, which outline the technical rules for implementing FERC orders and their progeny, direct transmission providers to assign short-term capability to CF customers as it becomes available (see, WEQ-001-21.1.6). The standards do not contain a similar requirement for the assignment of long-term firm capacity to Reassessment reservations.

In response to comments addressing a Conditional Firm reservation's priority rights to short-term firm (i.e. firm-up). BPA recently implemented OATI's Conditional Curtailment Option (CCO) module to manage Conditional Firm reservations. The CCO module provides for the automatic assignment of short-term firm ATC (e.g. Hourly, Daily, Weekly, and Monthly) to CF reservations prior to its release to the short-term market. It does not limit the assignment of short-term ATC in monthly increments, which has been BPA historical practice. Version 24 of the Conditional Firm Business Practice will be updated to reflect this functionality.

BPA is in the process of making several changes to its Conditional Firm Service Business Practice, including: 1) developing a customer option to be studied for Conditional Firm in the Cluster Study or System Impact Study, 2) developing a Conditional Firm study methodology, and 3) evaluating the capability to offer Reassessment Conditional Firm for terms longer than two years without reassessment. BPA will continue to engage with Powerex and the region in these efforts and it looks forward to a productive dialogue with customers.