



August 6, 2018

**To:** Bonneville Power Administration  
U.S. Department of Energy  
Delivered Via Email at [techforum@bpa.gov](mailto:techforum@bpa.gov)

**RE:** Comments of Renewable Northwest on Scheduling, System, Control Rate design, BP-20, TC-20 and Draft Balancing Reserve Capacity Business Practice

Renewable Northwest thanks Bonneville Power Administration (“BPA”) Staff for this opportunity to comment. These comments build upon our May 4, 2018 and June 28, 2018 comments and respond to BPA Staff’s request for feedback in the BP-20 and Ancillary and Control Services (“ACS”) workshops on July 18, 2018. These comments discuss 1) the Scheduling, System Control and Dispatch (“SCD”) rate design, and 2) the ACS issues part of the Draft Balancing Reserve Capacity Business Practice and the TC-20 and BP-20 processes.

### **Scheduling, System Control and Dispatch Rate Design**

Renewable Northwest continues to support changes to the SCD rate design. We commend BPA Staff for identifying and describing some of the fundamental designs flaws of the current SCD rate structure. We also understand that BPA Staff is preparing additional information to help customers better consider the finer points of a new rate design as well as the appropriate rate determinant. Renewable Northwest will review that information and work with our members to develop additional comments.

At this time, it is clear that the current SCD rate design cannot survive another rate period. Markets have changed drastically in the 16 years since BPA last reviewed the SCD rate design. BPA’s segmented transmission system and rates also make the application of a reserved-capacity-based rate design uniquely problematic for BPA compared to other transmission providers. To align with cost causation and with the functional use of the service, at the very least the “scheduling” portion of the SCD rate must be aligned with the number of schedules submitted. There must also only be one charge for each schedule (or use of this service) regardless of the number of BPA segments that scheduled power flows over. Without these changes, the SCD rate design cannot be found consistent with BPA’s ratemaking principles.

### **Ancillary & Control Area Services (Business Practice, TC-20, BP-20)**

Renewable Northwest appreciates the multiple opportunities that BPA Staff has provided stakeholders to comment on the ACS issues as part of the business practice discussion and of the TC-20 and BP-20 processes. We also

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Avangrid Renewables  
Bonneville Environmental Foundation  
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Columbia Gorge Community College  
Community Renewable  
Energy Association  
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EDF Renewable Energy  
EDP Renewables  
Environment Oregon  
Environment Washington  
Erwin Legal  
Eurus Energy America  
Geothermal Resources Council  
Green Mountain Energy  
HDR Engineering, Inc.  
Idaho Conservation League  
Invenergy  
K&L Gates  
Kapla Law PLLC  
Latitude45 Associates  
MAP  
Montana Environmental  
Information Center  
MontPIRG  
National Grid  
Natural Resources Defense Council  
Neoen U.S. Inc.  
NextEra Energy Resources  
Northwest Environmental  
Business Council  
NRG Energy, Inc  
NW Energy Coalition  
OneEnergy Renewables  
Oregon Citizens' Utility Board  
Oregon Solar Energy  
Industries Association  
OSPIRG  
Oregon Tech  
Orion Renewable Energy Group  
Pattern Energy  
Scout Clean Energy  
Sempra Renewables  
Solar Oregon  
Spark Northwest  
Stoel Rives, LLP  
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SunPower Corporation  
SWCA Environmental Consultants  
Tetra Tech  
Vestas Americas  
Warm Springs Power &  
Water Enterprises  
Washington Environmental Council  
WashPIRG  
Western Resource Advocates

appreciate BPA Staff's verbal commitment, at the last workshop, to set up a conference call with customers and members of BPA's rates and tariff teams. Such a discussion should help stakeholders and BPA Staff continue to draw important connections across these two processes and across BPA's business lines.

Given our understanding of BPA's current approach to generation inputs issues, Renewable Northwest has several remaining concerns. Those concerns include the following:

*A. The quality of service should be explicit in the OATT.*

As we stated in our previous comments, the quality of service for BPA's Variable Energy Resource Balancing Service ("VERBS") should be explicit in BPA's OATT because the quality of service is a fundamental term and condition of the Schedule 9 and Schedule 10 services. Without the quality of service clearly defined in BPA's OATT, it would be unclear what the schedules are actually providing.

*B. Clarity on the definition of the level of service is necessary*

As outlined below, after reviewing BPA's current draft Schedules 9 and 10 and at the draft Balancing Reserve Capacity Business Practice, it is unclear how the level of service is defined and what standards govern that service.

BPA's draft Schedule 9 would remove: 1) all of the MW and "percent-of-deviation" thresholds, 2) the "percent-of-cost" language, and 3) the intermittent resource exemption. However, these components of the Federal Energy Regulatory Commission ("FERC") Pro Forma Schedule 9 are terms and conditions, not rates. Therefore, we would appreciate additional discussion of the appropriate placement of this language: the Rate Schedule, the Tariff, or both. Renewable Northwest also respectfully requests a draft Rate Schedule covering this language so that we can better understand the complete picture of the terms and conditions of BPA's proposed Schedule 9.

BPA's draft Schedule 9 states that "[p]ursuant to Schedule 10, the Transmission Provider must offer the amount of balancing reserve capacity *forecasted for this service*, to the extent it is physically feasible to do so from its resources or resources available to it . . ." Renewable Northwest is concerned about this draft language because it would not define the service or the quality of service. Instead, this draft language would limit the Transmission Provider's commitment to offer the service up to the amount of capacity *forecasted* for the service, whatever that service may be. In contrast, the Federal Energy Regulatory Commission's ("FERC's") use of "physically feasible" and "[the Transmission Provider's] resources or . . . resources available to it," without a limitation, indicates that this service would be provided under all but the most extreme circumstances.

BPA's draft Schedule 10 states that BPA must offer this service, "to the exten[t] it will not unreasonably impair reliability." This draft language would introduce a new reliability standard for the provision of this service. However, it seems odd to introduce a reliability standard for the provision of a service when the service itself is meant to maintain reliability (frequency at sixty cycles per second). The draft Schedule 10 goes on to explain that BPA "will establish a long-term planning process in its Business Practices and utilize that planning process to forecast the reserve capacity needed to provide *this service* . . . [and that BPA] . . . will offer to provide *such service* up to the forecast quantity from its resources or resources available to it." This draft language would also fail to define or create a standard for the quality of service. Indeed, with circular logic, this draft language appears to only say that BPA would forecast the capacity needed to provide *a service* and that BPA would offer to provide *that service* up to the forecasted capacity. However, this draft

language and standard of service would not be consistent with FERC's intent to provide imbalance service to the "extent it is physically feasible."

Renewable Northwest assumes that the draft Balancing Reserve Capacity Business Practice (the "draft Business Practice") either is or incorporates the "long-term planning process in its Business Practices" referenced in the draft Schedule 10. This draft Business Practice states that "BPA will use reasonable efforts to supply sufficient Balancing Reserve capacity to cover a 99.7 percent planning standard of balancing error events." We consider this language positive because it clearly articulates a measurable standard and quality of service. However, from Renewable Northwest's perspective, it appears that 99.7% is BPA's definition of what is "physically feasible," yet the connection between those standards is not made explicitly in the draft schedules or in the draft Business Practice. Additionally, this business practice language does not have any explicit connection to the language in the draft Schedule 10 referencing a "long-term planning process" or a "forecast quantity of reserve capacity."

Without significant revisions to the language in these draft schedules and draft Business Practice, Renewable Northwest is concerned that the simple lack of clarity about the generation imbalance service and the standards governing that service would lead to confusion in the market. Additionally, if a legal dispute about this draft language were to arise, it would be nearly impossible to determine whether BPA had met the terms and conditions of its OATT or not.

Renewable Northwest appreciates the intent and direction of BPA's proposed language in the draft Business Practice that "any material changes to the service . . . will not take effect until the start of the next rate period." However, as other commenters have noted, BPA's draft language needs to be refined and should be placed in the Tariff or Rate Schedule. We support the comments and suggested language in the August 1, 2018 comments submitted by Avangrid, Portland General Electric, and Puget Sound Energy. In addition, we note that BPA's language and its placement in the current draft Business Practice also does not make clear what "service" this language would apply to.

Lastly, Renewable Northwest observes that all of the current draft language focuses on the connection between Schedule 10 and Schedule 9, but does not clearly connect Schedule 10 to Schedule 4. For example, the draft Schedule 4 does not reference Schedule 10 at all, although that same capacity is being held aside for Schedules 9 and 4 on netted basis. Similarly, the draft Business Practice does not distinguish how the 99.7% planning standard applies differently to Schedules 9 and 4. None of the draft schedules or the draft Business Practice make any reference to the OCBR tool, how it relates to the 99.7 planning standard, which schedules it applies to or not, or how it informs BPA's definition of what is "physically feasible" and what will not "unreasonably impair reliability."