



TransAlta Energy
Marketing (US) Inc.

T (503) 295-8490
www.transalta.com

1155 SW Morrison Street
Suite 200
Portland, Oregon
USA 97205

Steve Lincoln
Transmission Specialist

Direct Line: (503) 295-8490
Email: Steve_Lincoln@TransAlta.com

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Matt Rios
Transmission Account Executive, Transmission Sales
Bonneville Power Administration
Mail Stop: TSE/TPP-2
7500 NE 41st Street, Suite 130
Vancouver, WA 98662-7905

Subject: TransAlta Responses to the Jan 26 Concurrent Loss Return Workshop

Matt:

TransAlta Energy Marketing (U.S.) Inc.'s ("TEMUS") provides these responses to topics covered in BPA's Concurrent Loss Return workshop on January 26, 2022 and its accompanying presentation¹.

Financial Settlement

TEMUS acknowledges that financial settlement is an efficient way to deal with all types of loss return imbalances. However, we cannot support financial settlement as a solution when the rate is unknown.

Like other Transmission Customers, TEMUS opposed the exceptional Capacity Rate established during the BP-22 rate case. We joined the BP-22 settlement in part to develop concurrent loss return procedures as a way to avoid the Capacity Rate. Linking the financial settlement option to the BP-24 rate case is too problematic, particularly given BPA's comment during the workshop that they intend to pursue the Capacity Rate again.

Establishing a concurrent loss return practice that includes a Capacity Rate is at odds and must be resolved in subsequent workshops by first determining the historic and expected volume of loss return imbalance—TEMUS believes it will be a very small fraction of total loss returns—and second, by applying an index-based rate, without a capacity component, to that volume.

¹ https://www.bpa.gov/Finance/RateCases/BP-22-Rate-Case/Documents/Concurrent%20Losses%20Wrkshp_2022.01.26.pdf

Continued Concerns with 100% Concurrent

BPA's insistence upon keeping all in-kind loss returns in the same hour (referred to as "Principle 5")² seems to ignore realities of the real-time market. TEMUS continues to contend that some allowances will have to be made in certain circumstances when same-hour loss returns are impractical or impossible. Again, we are thinking particularly of situations like resupplying contingencies and responding to exceptional dispatches, where Transmission Customers cannot "adjust tagging procedures" as suggested in Slide 45.

At best, procuring and scheduling energy before the traditional WECC scheduling deadline (xx:40) is difficult in these situations. There will be times when also procuring energy for losses and scheduling them in the same hour is impossible. The concurrent loss return program must address this reality in a penalty-free manner, such as allowing next-hour returns or index-only-based financial settlement.

TRANSALTA ENERGY MARKETING (US) INC.

Steve Lincoln
Transmission Specialist

² See slide 16 of the January 26, 2022 workshop presentation