

June 22, 2018

Via Email (techforum@bpa.gov)

U.S. Department of Energy
Bonneville Power Administration
Transmission Services

Re: TC-20—Comments of Avangrid Renewables, LLC, Avista Corporation, Idaho Power Company, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. on the TC-20 Procedural Schedule, Losses, and Long Term ATC Methodology

Avangrid Renewables, LLC, Avista Corporation, Idaho Power Company, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. (“Commenting Parties”) hereby comment on TC-20 Procedural Schedule, Losses, and Long-Term ATC Methodology presentation (the “May 31 Workshop Presentation”)¹ discussed at the TC-20 Tariff Customer Workshop of Bonneville Power Administration (“BPA”) on May 31, 2018 (the “May 31 Workshop”). Commenting Parties appreciate the opportunity to submit comments to BPA and look forward to working with BPA on these matters.

1. TC-20 Procedural Schedule

The potential TC-20 and BP-20 schedules are posted at pages 21 and 22 of the May 31 Workshop Presentation. These potential schedules for simultaneous proceedings are very tight, particularly in light of the voluminous materials involved in a BPA general rate case. One approach that may help make the schedules more workable would be to ensure that BP-20 and TC-20 workshops held prior to the commencement of formal proceedings fully develop, to the extent practicable, issues that are likely to be of significance in the proceedings.

With regard to the specific dates in the potential schedules, a period of only thirteen days (November 15-28) is allowed between receipt of the BPA TC-20 Direct Case and clarification thereof, which period includes the Thanksgiving holiday. The schedule should allow more time for review of the proposed tariff changes prior to clarification. Accordingly, Commenting Parties request that BPA commit to post proposed tariff language in redline form to the BPA website immediately upon publication of the Federal Register notice of the TC-20 proceeding. If BPA cannot do so, BPA should change the TC-20 clarification from November 28, 2018, to December 6, 2018.

Even with the above-noted suggestions incorporated, Commenting Parties remain concerned that BPA’s proposed simultaneous BP-20 and TC-20 schedules may lead to unnecessarily compressed timeframes within which to fully participate in both proceedings. In

¹ Available at <https://www.bpa.gov/Finance/RateCases/BP-20/Meetings/Tariff-Proceeding/May-31-2018/Customer%20Workshop%20Presentation%20for%20May%2031%202018.pdf>.

light of BPA’s indications that it would be unable to begin the formal TC-20 proceeding earlier, Commenting Parties strongly encourage BPA to take the steps necessary to ensure that more time can be allotted in the next proceeding (TC-22) procedural schedule.

2. Real Power Losses

BPA proposes to move the real power loss factors from the tariff to a business practice.² For the reasons set forth below, BPA real power loss factors should remain in the tariff.

BPA has indicated it is working to ensure business certainty and stability for its customers by adopting the FERC pro forma tariff for BPA’s transmission services to the extent possible. In doing so, BPA has stated that its revised transmission tariff “will only differ from the pro forma tariff if the differences are based on the needs of our customers and other stakeholders, the reliable and efficient operation of the FCRTS, or BPA’s statutory obligations.” Subsequently, BPA announced in the February 21, 2018 meeting that it would consider differences from FERC’s pro forma tariff if the differences meet at least one of four guiding “Principles,” the fourth of which is:

4. Align with industry best practice when the FERC pro forma tariff is lagging behind industry best practice, including instances of BPA setting the industry best practice.

BPA states that moving the real power loss factors from the tariff to a business practice aligns with Principle 4.³

These principles appear intended to provide “strategic guidance” for BPA policy determinations underpinning BPA’s proposed deviations from the FERC pro forma tariff. However, BPA has not yet explained its rationale behind these Principles, nor allowed customers the opportunity to comment on them. Engaging customers before adopting certain policy choices such as the Principles is a necessary first step in helping to ensure the certainty, predictability, and transparency that BPA has committed to providing for its customers. BPA should clarify and revise Principle 4 (and several other Principles), as discussed in the May 30, 2018, TC-20 Comments of Avangrid Renewables, LLC, Avista Corporation, Idaho Power Company, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. on Certain of BPA’s Proposed Tariff Changes and Related Matters from April 23, 2018 TC-20 Meeting.⁴

As written, Principle 4 (the “Principle” that BPA cites to support its proposed move of real power loss factors from the tariff to a business practice) appears to be an overbroad Principle under which BPA would revise its tariff unilaterally to implement any practice that it deems to be “industry best practice.” To the extent that other transmission providers in the region have revised their tariffs to reflect an industry best practice—pursuant to either section 205 or 206 of the FPA—such industry best practices should generally be incorporated in BPA’s tariff. BPA

² May 31 Workshop Presentation at 27.

³ *Id.*

⁴ Available at <https://www.bpa.gov/Finance/RateCases/BP-20/Meetings/TC-20%20Comments/Avangrid,%20Avista,%20Idaho%20Power,%20PacifiCorp,%20Portland%20General,%20and%20PSE%20Comments%20on%20BPA%20Proposed%20TC-20%20Tariff%20Changes.pdf>.

should not, however, revise its tariff to set what it views to be an “industry best practice,” as Principle 4 apparently allows. As discussed below, there is no indication that determination of losses in a business practice rather than in a tariff is an industry best practice, at least in the Pacific Northwest.

BPA asserts that its “industry scan revealed most TPs are not pro forma and many use a business practice to convey the loss factor.”⁵ However, BPA has not provided the industry scan on which it bases this assertion. BPA should make its industry scan available. In that regard, review of the Open Access Transmission Tariff (OATT) of each of the six investor-owned utilities in the Pacific Northwest reveals that each of them includes the real power loss factors within its OATT.⁶ In other words, the loss factors are established in their OATTs. An investor-owned utility’s business practice may repeat a real power loss factor included within its OATT and thereby “convey the loss factor”—but the repetition of a real power loss factor in a business practice does not mean that such factor is established in the business practice.

In sum, it is not “industry best practice” to establish real power loss factors in a business practice rather than in a tariff. Real power loss factors are fundamental terms and conditions of transmission service. BPA real power loss factors should be established in BPA’s tariff and revised pursuant to the procedures established for revising the tariff. A tariff revision proceeding provides a forum in which BPA transmission customers can challenge and explore the basis of proposed revisions of real power loss factors.

For example, a transmission tariff revision proceeding provides a forum in which BPA transmission customers can test BPA real power loss factor studies and provide rebuttal testimony with respect to those studies. It should be noted that there are a number of other real power loss issues that BPA has indicated that it intends to explore that are best addressed in a tariff revision proceeding. BPA’s presentation on Real Power Losses, dated September 20, 2017,⁷ indicates, at page 4, that BPA is going to explore limiting loss return settlement methods to financial only settled losses.⁸ By way of further example, the same BPA presentation raises the question of whether BPA’s losses should be calculated on a more granular basis (for instance, on a seasonal or daily basis).

⁵ May 31 Workshop Presentation at 27.

⁶ The OATTs of the six investor-owned utilities in the Pacific Northwest specify loss factor in OATT section 15.7 (for Point-to-Point Transmission Service), section 28.5 (for Network Integration Transmission Service), or a schedule to OATT that is referenced in the foregoing sections. Accordingly, the loss factors for these utilities are determined in their OATTs, even if they are also repeated or “conveyed” in a business practice.

⁷ Bonneville Power Admin., *Transmission Business Model Pro Forma/Industry Standard Gap Analysis: Real Power Losses* (Sept. 20, 2017), available at https://www.bpa.gov/transmission/CustomerInvolvement/TransmissionBusinessModel/Documents/09202017_P_FGA_Losses_Presentation.pdf.

⁸ Commenting Parties do not support this approach for the reasons set forth in the Comments of Avangrid Renewables, LLC, Avista Corporation, Idaho Power Company, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. on BPA Real Power Losses, dated October 4, 2017, available at <https://www.bpa.gov/transmission/CustomerInvolvement/TransmissionBusinessModel/Documents/avangrid-avista-idaho-pge-pse-100417-comments-losses.pdf>.

Fundamental change to terms and conditions of service, such as real power losses (including percentage loss factors), should only be undertaken in a tariff revision proceeding.

3. ATC Methodology

a. NT Forecasts

BPA indicates that “[i]f necessary, BPA plans to encumber capacity . . . for the highest impact on each flowgate for all accepted NT forecasts.”⁹ It is not clear how BPA determines the “highest impact on each flowgate for all accepted NT forecasts”, but as a general matter BPA should not encumber ATC on its system--which apparently reduces the ATC available on a long-term basis for other uses--based on unreasonable forecasts of designated network resources.

b. Uncertainty Margin

BPA indicates that it will release “[t]his [uncertainty] margin . . . to the short-term non-firm market four-months prior to operations.”¹⁰ BPA should be working to be able to evaluate its short-term ATC and make it available to short-term firm (e.g. hourly) and non-firm markets. As previously indicated by Commenting Parties, BPA should not eliminate its hourly firm product entirely, but rather should manage offers of hourly firm transmission on its network flowgates according to calculated firm ATC limits.¹¹

c. Redlined ATC Methodology

The May 31 Workshop Presentation refers to a “[r]ed-lined ATC Methodology posted for public comment”.¹² However, it appears that the Red-Line ATC and AFC Methodologies for the Planning Time Period, V14-draft¹³ was not posted in time for discussion of and questions regarding the proposed changes at the May 31 workshop.

The draft Redlined ATC Methodology refers at section 5.4 to the term “Planning ETC and TTC”. This term is not defined in the draft Redlined ATC Methodology. If it is to be used, it should be defined.¹⁴ Also, the role of Accepted NT Resource forecasts should be clarified in the

⁹ May 31 Workshop Presentation at 38.

¹⁰ *Id.* at 39 (emphasis in original).

¹¹ See Comments of Avangrid Renewables, LLC, Avista Corporation, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. on BPA Hourly Firm (Oct. 4, 2017), available at <https://www.bpa.gov/transmission/CustomerInvolvement/TransmissionBusinessModel/Documents/avangrid-avista-pacificorp-pge-puget-bpa-hourly%20firm-100417.pdf>; Comments of Avangrid Renewables, LLC, Avista Corporation, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. on BPA Hourly Firm (Dec. 8, 2017), available at <https://www.bpa.gov/transmission/CustomerInvolvement/TransmissionBusinessModel/Documents/120817-Comments-re-BPA-Hourly-Firm.pdf>.

¹² May 31 Workshop Presentation at 40.

¹³ Bonneville Power Admin., *Red-Line ATC and AFC Methodologies for the Planning Time Period, V14-draft*, available at <https://www.bpa.gov/transmission/Doing%20Business/ATCMethodology/Documents/ATC-methodology-planning-period-V14-053018.pdf>.

¹⁴ In this regard, page 39 of the May 31 Workshop Presentation refers to “Planning ETC(s),” but its meaning is not clear from the context of the page.

draft Redlined ATC Methodology. For example, are these Accepted NT Resource forecasts reflected in ETC_{Firm} and Planning ETC? If so, how?

The draft Redlined ATC Methodology refers at section 5.2.3 to “Normal peak (1 in 2 year) load forecasts”. By contrast, the May 31 Workshop Presentation refers to “1-in-2 (average) non-coincidental peak (NCP) load forecasts”.¹⁵ Do these terms mean the same thing? The draft Redlined ATC Methodology should be clarified as to whether coincidental or non-coincidental peak forecasts are used.

Section 5.2.8 of the draft Redlined ATC Methodology describes modeling of “multiple generation scenarios.” However, the only generation described is federal hydro resources and wind generators. The draft Redlined ATC Methodology should be clarified to indicate whether the referenced generation is all generation in BPA’s Balancing Authority Area.

Section 7.6.2 of the draft Redlined ATC Methodology states that “NT resource forecasts for which BPA is encumbering ATC are not included in the ETC_{Firm} values.” BPA should clarify which NT resources are being forecasted. For example, is this a forecast of all resources forecast to meet NT loads? BPA should also clarify what “encumbering ATC” means and how and where such encumbrances are reflected.

BPA should not adopt revisions to its ATC Methodology or request comments on proposed revisions thereto without conducting a workshop and providing BPA transmission customers with an opportunity to ask questions about and subsequently submit comments on such proposed revisions.

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Commenting Parties appreciate BPA’s review of these comments and consideration of the recommendations contained herein. By return e-mail, please confirm BPA’s receipt of these comments.

¹⁵ May 31 Workshop Presentation at 32.