

August 28, 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, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. on the August 21 Tariff Proceeding Presentation

Avangrid Renewables, LLC, Avista Corporation, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. (“Commenting Parties”)¹ hereby respectfully submit that BPA should offer hourly firm transmission limited to firm Available Transfer Capacity (ATC) in response to the August 21 Tariff Proceeding Presentation.² It is the understanding of the Commenting Parties that Bonneville Power Administration (“BPA”) has indicated that it will take into account comments previously submitted on topics addressed in the August 21 Tariff Proceeding Presentation and that earlier comments need not be reiterated in these comments. The Commenting Parties appreciate the opportunity to submit comments to BPA and look forward to working with BPA on these matters.

Commenting Parties were disappointed to see BPA propose to eliminate the hourly firm product from its Tariff.³ Commenting Parties and numerous other BPA customers—ranging from developers, to IOUs, to public power entities—have expressed consistent support for BPA offering this product.⁴ As stated in prior comments, BPA should not offer unlimited hourly firm.

¹ The Commenting Parties represent approximately 40 percent of BPA transmission sales. Moody’s Investor Service Credit Opinion, *Bonneville Power Administration* at 3 (Feb. 8, 2018), available at <https://www.bpa.gov/Finance/FinancialInformation/Debt/RatingAgencyReportsArticles/Moody's%20Credit%20Opinion%20Report%20Final%202.9.18.pdf>.

² Bonneville Power Admin., *Tariff Proceeding Customer Workshop Presentation* (Aug, 21, 2018), available at <https://www.bpa.gov/Finance/RateCases/BP-20/Meetings/Tariff-Proceeding/August%2021,%202018/Updated%20TC-20%20Customer%20Workshop%20Presentation%20for%20August%2021%202018.pdf> (the “August 21 Tariff Proceeding Presentation”).

³ The August 21 Tariff Proceeding Presentation indicates that BPA is proposing to “[r]emove the Hourly firm product from BPA’s product portfolio.”

⁴ *See, e.g.*, TC-20 Comments of Avangrid Renewables, LLC, Avista Corporation, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. on the June 26, 2018 TC-20 Tariff Proposals (July 18, 2018) (the “July 18 Comments”); Comments of Benton PUD (July 16, 2018); Comments of Franklin PUD (July 17, 2018); Comments of PUD #1 of Grays-Harbor County (July 18, 2018); Comments of Sacramento Municipal Utility District, Transmission Agency of Northern California, and Turlock Irrigation District (July 18, 2018); Comments of Northwest and Intermountain Power Producers Coalition (July 18, 2018); Comments of Powerex (July 18, 2018); Comments of Seattle City Light, Snohomish PUD and Tacoma Power (July 18, 2018). All of

However, BPA should offer hourly firm that is limited to ATC.⁵ BPA has not explained why this is not an acceptable option to address all the concerns raised by customers.

BPA has suggested several rationales for discontinuing the offer of the hourly firm product, but those rationales do not withstand scrutiny. At the August 21, 2018 workshop, BPA appeared to indicate that granting hourly firm without an adequate assessment of the Hourly Firm Available Transfer Capability (ATC) could lead to curtailment of the hourly firm transmission along with long-term firm transmission service, which would be inequitable to long-term firm transmission customers. As previously indicated in comments,⁶ however, BPA should limit offers of hourly firm transmission to ATC, which should mitigate curtailment risk.

BPA indicated at the August 21, 2018 workshop, that one of the primary issues with regard to the hourly firm product is the difficulty of determining hourly ATC up until 20 minutes before the hour. However, BPA has not demonstrated the extent and nature of this issue, has not explored this issue with BPA's stakeholders, and has not adequately considered alternatives to the elimination of the hourly firm product. Moreover, BPA has been willing in the past to test pilot programs or to notify customers when hourly firm may not be available for certain hours during which congestion is forecasted.⁷ BPA has not explained why such steps are not preferable to the complete elimination of the hourly firm product. As requested by a number of transmission customers, BPA should further consider alternatives to elimination of the hourly firm product.

At the September 20, 2017 workshop, it was suggested that hourly firm transmission could inappropriately hinder access by NT customers to secondary network service and allow hourly firm to "jump ahead" of secondary network service. However, secondary network service, by design, has a lower curtailment priority than firm service of any duration and was never intended to be a firm transmission service. Secondary network service is basically intended for transmission associated with a network customer's economy purchases (i.e., transmission that is used to substitute one resource for another on an as-available basis).⁸

the foregoing comments are available at Bonneville Power Admin., Customer Comments, <https://www.bpa.gov/Finance/RateCases/Tariff%20Proceedings/Pages/Customer-Comments.aspx> .

⁵ See, e.g., July 18 Comments at 1-5.

⁶ See, e.g., *id.*; 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> (the "December 8 PFGA Comments").

⁷ See, e.g., Bonneville Power Admin., *Non-Wires for South of Allston Customer Meeting*, at 9 (Jul. 12, 2016) (stating that, to address congestion on South of Allston, BPA would post "notice by 9 am at preschedule whether hourly firm will be available for the hours of forecasted congestion"), available at <https://www.bpa.gov/transmission/CustomerInvolvement/Non-Wire-SOA/Documents/20160712-Customer-Meeting-SOA-NonWires-RFO-Update-and-Unlimited-Hourly-Firm.pdf>

⁸ Secondary network service (i) may be available during times when firm service is not available and (ii) has a higher priority than non-firm Point-to-Point Transmission Service. (See *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, slip opinion at 332 and 342, 61 Fed. Reg. 21,540 (May 10, 1996).) In Order No. 890-B, paragraph 117, FERC noted that NT customers can use secondary network service when firm service is not available. See *Promoting Wholesale Competition Through*

The August 21 Tariff Proceeding Presentation lists “Hourly Firm decision criteria used to evaluate alternatives”.⁹ However, these decision criteria fail to take into account the fact that BPA hourly firm service is an important product in the region, and these decision criteria should be revised to take into account the important role of BPA hourly firm.¹⁰

In short, BPA has not explained why its hourly firm product, which is heavily relied on by many of BPA’s customers, must be eliminated, as opposed to modified. Arguing that “if everyone is firm, no one is firm,”¹¹ is an oversimplification of the issue, which has led BPA to overcorrect for the actual problem. There is significant reliance in the region on BPA’s hourly firm product, and failure to recognize this reliance falls far short of BPA’s goal of being a “dependable and responsive business partner.”

Finally, on a related note, BPA should require undesignation of designated network resources being used to make firm market sales, which will free up ATC that should be available for uses such as hourly firm.¹² In that regard, it appears that the *pro forma* OATT requires such undesignation, but the August 2018 Draft Tariff only requires undesignation for firm market sales of one year or more.¹³ In the absence of undesignation, the ATC used by the designated network resource would be double-counted—for the NT service and for the point-to-point service used for the market sale. Accordingly, BPA should require undesignation of any designated network resource that is used for firm market sales.

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Commenting Parties appreciate the opportunity to submit these comments. By return e-mail, please confirm BPA’s receipt of these comments.

Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities, Order No. 888-B at ¶ 117, 81 FERC ¶ 61,248 (1997).

⁹ August 21 Tariff Proceeding Presentation at 47.

¹⁰ At the June 26 Workshop BPA estimated that the volume of hourly firm reservations was easily in excess of fifty thousand transactions per month. The BPA hourly firm product plays an important role in the Northwest and is essential, for example, for BPA transmission customers in serving load (e.g., through redirects) and for facilitation of short-term economic transfers. This is particularly true because (i) the Pacific Northwest has a very liquid power market, with hourly variations, and (ii) BPA controls approximately 75% of the high voltage transmission in the region and plays a key role in providing transmission for that market. July 18 Comments at 3.

¹¹ August 21 Tariff Proceeding Presentation at 50.

¹² Comments of Avangrid Renewables, LLC, Avista Corporation, Idaho Power Company, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. on ATC, at 3-4 (Dec 8, 2017), available at <https://www.bpa.gov/transmission/CustomerInvolvement/TransmissionBusinessModel/Documents/120817-Comments-re-ATC.pdf>.

¹³ See, e.g., Bonneville Power Admin., *BPA’s New Proposed Tariff (August 14, 2018) compared against FERC Pro Forma Tariff*, at Article 30.1, available at [https://www.bpa.gov/Finance/RateCases/BP-20/Meetings/Tariff-Proceeding/August%202021,%202018/Redline%20-%20FERC%20Current%20Pro%20Forma%20to%20BPA's%20Proposed%202018%20-%2020212%20New%20Tariff%20-%20\(08.14.18\).pdf](https://www.bpa.gov/Finance/RateCases/BP-20/Meetings/Tariff-Proceeding/August%202021,%202018/Redline%20-%20FERC%20Current%20Pro%20Forma%20to%20BPA's%20Proposed%202018%20-%2020212%20New%20Tariff%20-%20(08.14.18).pdf).