

To: BPA Transmission
From: Northwest Requirements Utilities
Date: October 29, 2010
Re: Long-Term Firm (LTF) Request Evaluation Methodology

Submitted via email to techforum@bpa.gov

NRU appreciates the opportunity to comment on the alternatives under consideration to evaluate Long Term Firm (LTF) requests. At the Transmission Customer Forum on October 20, 2010, BPA put forward five alternatives to consider. Due to the complex nature of this topic, we will speak to our interests and needs, and comment only generally on which path BPA should take. BPA's expertise in these matters is substantial and we ask that you take into account NRU's interests in addressing the specific questions posed during the Customer Forum.

First and foremost, it is important that BPA follows a path that ensures BPA Power and Transmission Services can fulfill their responsibilities for serving load of load following and NT customers. NT customers' firm transmission rights should not be negatively impacted by any change to POD assumptions. This means that BPA should study not only the ATC consequences of this change but also the operational impact that granting additional LTF rights will have on the system.

It is important that the ATC methodology adopted by BPA both encourages customers to acquire generation close to load, and ensures that sufficient capacity is available to meet load growth of NT customers, whether such load growth is served with non-federal or federal resources. Small, local renewable resources are becoming more common and the ATC methodology should recognize the benefits of such resources to the transmission system.

NRU supports discontinuing the use of the composite POD in favor of using a specific POR/POD in order to more accurately evaluate the system. Additionally, we encourage BPA to implement the De Minimus Test 1 with a "bottomless bucket," as was mentioned during the Transmission Customer Forum. Under a "bottomless bucket" approach, there would be no limit on the number MWs of LTF requests granted via De Minimus Test 1, but BPA would retain the ability to monitor how many MWs of LTF requests are granted to ensure there are no unintended consequences or impact to system reliability. Further, we encourage BPA to institute a "bottomless bucket" for requests falling under De Minimus Test 1 as soon as possible to enable the granting of small LTF requests that have minimal impact on the system. A "bottomless bucket" can also encourage small, local resources.

The De Minimus Test 1 is included as part of Alternatives 3, 4 and 5, and thus, it appears that any of these Alternatives can address NRU's needs, provided that a "bottomless bucket" is instituted along with the De Minimus Test 1.

NRU supports BPA initiating the required 24 month notification as soon as possible. It appears that Option D is the simplest approach and most in line with BPA's legal obligations, but Options B or C

may also be acceptable. It is important to begin a collaborative process sooner rather than later to modify BPA's methodologies as needed to better analyze and model the transmission system.

NRU appreciates BPA involving customers in the complex and complicated world of ATC methodologies and related topics, such as NOS assumptions and assumptions in FCRPS generation dispatch. We ask BPA to continue to actively involve the customers as we work through the challenges of modifying the methodologies (including FCRPS generation dispatch) in order to better reflect current circumstances—it is important that these issues are resolved in a collaborative process and with consideration for how all these issues are interrelated.

Thank you considering our comments and responding to the feedback you receive from your customers.