

To: BPA Transmission Services
From: Northwest Requirements Utilities
Date: September 28, 2011
Re: Proposed Changes to NT Business Practices

Submitted via email to techforum@bpa.gov

Northwest Requirements Utilities (NRU) submits the following comments on BPA Transmission Service's (BPA-TS) proposed revisions to several business practices addressing NT service. NRU is a trade association that represents the interests of 50 load following and NT customers of BPA. Some of the NRU members plan to use non-federal resources to serve load growth under the Regional Dialogue construct, and all NRU members are interested in ensuring sufficient access to firm NT service to their loads and load growth.

A primary goal of BPA's July 2007 Regional Dialogue Policy was to diversify the sources of power supply used to serve customers' loads. This includes using non-federal resources. A fundamental requirement for using new non-federal resources to serve loads is access to firm transmission. As NT customers, NRU's members rely on BPA-TS to fulfill its tariff obligations to plan, construct and provide firm transmission to NT customers in order to serve their load and load growth. BPA-TS has provided this service in the past under the then-prevailing assumption that NT customers' load growth would be served by the Federal Columbia River Power System (FCRPS). Under Regional Dialogue, the world is changing and customers are now encouraged to consider resources other than federal resources. BPA-TS needs to ensure that its practices and procedures are modified to fit the situation facing its NT customers, both in the Regional Dialogue context but more importantly as NT customers and their associated rights under the tariff.

NRU appreciates the time and energy BPA-TS has spent on better understanding the complexities and issues associated with arranging NT service to serve loads, particularly with new non-federal resources, under the Regional Dialogue contracts that start October 1. We encourage BPA-TS to continue working with its customers to further adapt their practices to meet the unique needs of NT customers.

Comments on the Proposed Changes to the NT Transmission Service Business Practice

NRU supports NT customers providing annual updates to BPA-TS on which resources they are planning to use to serve their load growth. It is important for BPA-TS to have this information in order to adequately plan its system; relying on the default assumption of the FCRPS to serve load is no longer appropriate. Furthermore, we support the encumbrance of firm available transmission to serve the forecasted load growth of NT customers with forecasted resources. NRU offers the following comments on the proposed NT business practice:

- **“NEWPOINT” should be a permitted POR for new planned resources.** Section B.3.d.i should allow use of NEWPOINT as a POR. This will allow customers to provide information for BPA to include in their planning processes, in acknowledgement of the fact that sometimes the pieces of information proposed in BPA’s draft (such as a Balancing Authority Area Service Agreement (BAASA)) are not available until shortly before a resource is online. Resource forecasts are intended to provide as much information as soon as possible so BPA can better plan its system. Permitting use of “NEWPOINT” as a POR works towards that goal. PTP customers can use NEWPOINT for their requests and this same ability should be afforded to NT customers.
- **Section C.** Preliminary Assessment of Draft Resource Forecasts should indicate that this forecast is not submitted over OASIS but instead with a form that BPA will post.
- **NT Customers and Network Open Season.** In cases where there is no available firm capacity available or there are subgrid issues that prevent the granting of a transmission service request, it is still unclear what will happen to those requests. The business practice says those requests will be placed in STUDY status, which suggests that they will be included in Network Open Season (NOS) once NOS resumes. We question whether NT customers’ pending transmission service requests belong in NOS, or even the transmission queue. As the transmission provider, BPA-TS is responsible for planning, constructing and operating its system to serve NT loads. BPA-TS and its customers need to work together to determine the best process to ensure that there is sufficient firm transmission for NT customers, including necessary upgrades or expansions. NOS was developed to meet the needs of PTP customers, and many of its rules and parameters fit the world of PTP but do not work well with the world of NT. Therefore, we encourage BPA to work creatively to ensure transmission is available to serve NT customers based on the specific circumstances of NT service.

Comments on the Proposed Changes to the *De Minimis* Impact Dead-Band

NRU greatly appreciates the proposed expansion of the *de minimis* rule to effectively remove the 80% portion of *de minimis* Test 2. This recognizes the transition away from the FCRPS to non-federal resources to serve customers’ above rate period high water mark loads under the Regional Dialogue contracts.

While we strongly support this proposed modification to the *de minimis* test, we are concerned that the draft language in Section 4 could be read to impose unintended restrictions on its applicability. Therefore, we suggest that BPA simplify the language (as proposed below). We understand that the proposed language was included to address BPA’s concerns with potential timing and magnitude issues. We would propose addressing them more directly in order to prevent any unintended consequences in the drafted language. As far as BPA’s concern about the timing and magnitude of requests, we propose that BPA wait to see if there is indeed an issue, and if so, work to modify the business practice at that time. This will allow us to address the *actual* unintended consequence.

THE BELOW WOULD REPLACE, IN ITS ENTIRETY, THE PROPOSED SECTION 4 IN THE DE MINIMUS IMPACT DEADBAND BUSINESS PRACTICE, V15:

4. Other Considerations When Requesting NT Transmission Service
 - 4.1. TSRs for Forecasted Resources and Designated Network Resources
 - 4.1.1. For TSRs for forecasted resources or DNRs intended to serve Network Load, a net positive Flowgate impact will be considered *de minimis* if it is less than or equal to 10 MW.
 - 4.1.2. Exclusions from the applicability of section 4.1.1:
 - 4.1.2.1. TSRs for forecasted resources or DNRs intended to serve New Network Load.

In particular, we suggest revising section 4.1.1 to remove the language which indicates that this rule only applies for Network Load not already served through a Customer's portfolio of DNRs. Because Load Following customers serve all of their load through either their federal purchase or non-federal, our full load is always served. The plain language of section 4.1.1 makes this rule an empty set for Load Following customers.

In section 4.1.1.1, the term "incremental Above Rate Period High Water Mark Load (ARHWML)" is used. This term is not used in the Power Sales Agreements and we do not understand what it is trying to convey. In addition, the PTP *de minimis* rule has none of these power-related restrictions; neither should the NT rule.

Likewise, the restriction that the *de minimis* rule cannot be used to serve loads over 5 MW is power, not transmission, related. We purchase to meet our *total* load, not specific resources for specific loads. Again, this reference to a power concept does not belong in this transmission *de minimis* rule.

Some of the language in the proposed business practice seems to result in NT customers losing use of the *de minimis* rule if we change resources. We find this to be detrimental to resource development and have therefore removed this provision.

We see no reason for NT customers to be required to request application of the NT *de minimis* rule (and thus have also stricken the original section 4.1.3). We understand that the PTP *de minimis* rule is automatically applied to TSRs. Also, NT customers are already required to submit 10-year load forecasts. NT customers should not have to resubmit this information. Further, NT customers would not be able to show that Network Load is already fully served by existing DNRs since NT customers' DNRs do not match one-for-one with load. The very nature of NT DNRs allows an NT customer to have DNRs that might total more than load so that they can be assured that both their peak and energy loads are met.

Summary

In conclusion, NRU again expresses its appreciation to the staff and executives with BPA-TS who have worked on developing solutions to address the issues confronting NT customers as we transition into the world of Regional Dialogue. We encourage BPA-TS to continue working with customers to ensure changes are made in a timely and comprehensive fashion so the region can work towards the goals of Regional Dialogue and BPA-TS can meet its obligations as an NT service provider, per the terms of its tariff.