

To: Tech Forum

Date: August 21, 2012

Re: Comments on Network Integration (“NT”) Transmission Service, Version 5, Business Practice and Impacts of Long Term Requests Available Transfer Capability (“ATC”) Methodology, Version 10

Submitted via email to techforum@bpa.gov

Northwest Requirements Utilities (“NRU”) appreciates the opportunity to comment on BPA’s proposed revisions to its Network Integration (“NT”) Transmission Service, Version 5, Business Practice (“NT Business Practice”) and Impacts of Long Term Requests Available Transfer Capability (“ATC”) Methodology, Version 10, document (“ATC Document”). NRU is a trade association composed of 50 Load Following customers who are all NT customers of BPA. Nearly half of the NRU membership has elected to use non-federal resources to serve some or all of their A-RHWM load under the Regional Dialogue contracts. As NT customers, these utilities rely upon BPA Transmission Services to fulfill its requirements to NT customers under its open access transmission tariff, including its obligation to “endeavor to construct and place into service sufficient transfer capability”¹ to serve NT customers’ network load with network resources.

Revisions to BPA’s NT Business Practice Are Necessary to Fulfill the Goals of the Regional Dialogue.

BPA Transmission has historically planned the system using the assumption that all future NT load and load growth will be served with Designated Network Resources (“DNR”) that are in customers’ contracts at the time of BPA’s planning analysis. When there is an insufficient amount of non-federal DNRs to serve forecasted load growth, BPA assumes that the DNR of the Federal Columbia River Power System (“FCRPS”) serves that load. Accordingly, BPA reserves ATC from the FCRPS to serve NT customers’ load. This was a reasonable assumption to make prior to Regional Dialogue, as most of BPA’s NT customers were full requirements customers of BPA and relied wholly on the FCRPS to serve load growth.

The implementation of the Regional Dialogue contracts and tiered rate methodology on October 1, 2011, entirely changed the playing field. Now, customers are encouraged to acquire non-federal resources to serve above rate period high water mark (“A-RHWM”) loads. This means that NT customers need to secure firm transmission to transmit those non-federal resources to serve their load.

¹ Bonneville Power Administration Open Access Transmission Tariff, Section 28.2 Transmission Provider Responsibilities, pp. 76-77.

NRU Strongly Supports BPA’s Proposed Revisions to the NT Business Practice and ATC Document.

NRU supports BPA’s proposed revisions to both the NT Business Practice and the ATC Document because the revisions will allow BPA to incorporate the most up-to-date load/resource information in its planning studies. BPA currently reserves capacity for NT load growth using the assumption of the FCRPS; the revised Business Practice will allow BPA to use the most accurate information in its planning. Further, these changes will help BPA meet its requirements under the tariff to provide firm transmission service to NT customers to serve NT load, regardless of whether the resource is the FCRPS or not.

Specific Comments on the NT Business Practice

Below are specific comments NRU has on the proposed NT Business Practice.

BPA should use a defined term, such as Forecast TSR (“FTSR”), to describe a TSR for a forecasted resource. This would make the business practice more precise and avoid confusion with TSRs for resources ready to be designated. For example, Section E.1.e. describes how to designate an “NT TSR” which could be misinterpreted to apply to TSRs for a forecasted resource as well. Such interpretation would negate the purpose of the proposed changes.

Section **E.2.** discusses NT TSRs but appears to actually be describing the process for designating a network resource. If this is the case, it should be clarified.

Section **D.2.b.** should remove all references to “load.” As NT customers, NT resources serve our entire NT load. There is no load need identified for any particular forecasted or designated Network Resource.

Please confirm that under Section **D.2.b.**, Alternate Forecast TSRs, BPA will hold out sufficient capacity to ensure any of the alternates will be able to be confirmed upon submission of a TSR and DNR. We agree that the Business Practice is not the appropriate document for a detailed description of this process; perhaps the ATC Methodology is better suited.

In Section **D.3.c.**, it is unclear why BPA has provided two different standards for an increase or decrease to the demand amount (see Section D.3.a. and b.). In particular Section D.3.b.I.1. would allow the NT customer to increase the MW Demand of an existing forecasted resource that reflects only the increase of the MW demand for the forecasted resources and would then have a separate Queue time from the original forecasted resource TSR. BPA should allow NT customers to increase its duration through either an extension of the start date or stop date via a similar mechanism as that found in Section D.3.b.I.1.

At the end of Section **D.2.a.**, please revise the phrase “included in the final resource forecast” to read “included in a final or updated resource forecast (as provided in B.6. above).” Customers can update their resource forecasts and submit a TSR throughout the year as new information becomes available, not just after a “final” resource forecast. The prior wording could have been construed to limit when forecasted resource TSRs could be submitted.

Please revise Section **D.2.a.ii.** as follows: “The NT Customer is not required to submit a Network Resource Designation Form until the Customer designates a forecasted resource in accordance with section E.1. at the time of submittal of a TSR for a forecasted network resource, but is required to submit that form when completing that forecasted resource’s designation as a Network Resource in accordance with section E.4 and E.5. below.” This language clarifies the procedure for forecasted resources and clarifies that sections E.4. and E.5. are the relevant sections to reference. Section E.5. does reference back to section E.1 so that reference is not lost.

The proposed approach to submitting forecast TSRs, modifying them, submitting actual TSRs, etc. is extremely cumbersome, especially for small resources and customers with limited staff. However, in the spirit of reaching a workable solution, NRU is willing to accommodate for these complexities and is optimistic that a more streamlined approach may be feasible in the future once we have had some time operating under these new processes. For example, one approach to better streamline this process is to create a MIDC Proxy that represents the PORs from all the MIDC balancing authority areas (“BAA”). Since BPA Transmission requires all market purchase to be sourced only from one specified BAA in order to obtain firm NT transmission, it will be very common for NT customers to request service from multiple MIDC BAAs (different marketers prefer different MIDC BAAs and their preferences also change over time due to changing circumstances). Using the MIDC Proxy would mimic the “alternate forecast TSR” process but in a simplified manner. A MIDC Proxy would help simplify the “alternate forecast TSR” in one instance (e.g., market purchases), but it is important to continue to retain the “alternate forecast TSR” provision for other circumstances as well.

Need to Develop a Mechanism for Building or Upgrading the System When Capacity Is Not Available to Serve NT Loads.

In addition to offering our support and appreciation for the revised processes encompassed in the NT Business Practice and ATC Document, we urge BPA to continue working with NT customers to determine how upgrades or builds needed to meet NT customers’ needs will be accommodated. Updating BPA’s planning assumptions via forecast TSRs is an important step in the right direction but only half of the answer. The other half of the answer is how BPA, as the NT service provider, will provide service to NT customers when there is no ATC available and/or there is no subgrid capacity available. We look forward to continuing our work with BPA on these issues.

In conclusion, we again express our support and appreciation for the work that has gone into revising BPA’s process for planning to serve NT load. Adoption of these documents will certainly help make one of the primary drivers of Regional Dialogue, the development of non-federal resources as needed to serve load, a reality. It is important that both sides (Power and Transmission) of the Agency are aligned in this regional policy, and these proposed revisions reflect the commitment of the Agency. Finally, we encourage the Agency to be willing to modify these business practices if needed once BPA and NT customers have experience operating under them.