December 3, 2012

Joint NT Customer Comments
submitted on behalf of
Clark PUD, Cowlitz, and EWEB

On November 13, 2012, BPA held a public meeting to discuss its plans for implementation of Preemption and Short Term Competitions in 2013. At this meeting BPA requested comments from customers regarding the specifications surrounding the proposed OATI PCM module. Clark Public Utilities, Cowlitz PUD, and EWEB (Joint NT Customers) appreciate the opportunity to comment and provides the following feedback.

Preemption and Short Term Competition will be an important tool for NT customers to reliably serve their loads. BPA Transmission Customers have been fortunate that, for many years, there has been a surplus of transmission and minimal congestion in the short term planning horizons. However, available transmission in the BPA Balancing Authority Area will inevitably become scarcer and therefore the importance of Section 13.2 more apparent. The Joint NT Customers recognize that the implementation of Preemption and Short Term Competitions may disrupt the current short term transmission markets in the Northwest. However, due to the balance struck within the pro forma tariff between the rights and responsibilities of NT and PTP transmission service we believe BPA should implement a mechanism that effectuates the FERC's intentions.

The Joint NT Customers provide the following specific comments regarding the November 13th discussion.

PCM is Transitional

The Joint NT Customers recognize NAESB Preemption and Short Term Competition standards are currently under development and that the OATI PCM BPA intends to implement is a transitional tool for use in the interim. The Joint NT Customers do not object to the implementation of Preemption and Short Term Competition in 2013 as a transitional approach provided the PCM is designed to effectuate the FERCs intentions surrounding Section 13.2.

BPA identified several issues in the November 13th meeting that would cause considerable market disruption and/or leave significant loopholes that would undermine the entire process. The most critical of these issues relates to resales where the parent reservation is conditional. In this situation, a PTP customer could avoid Preemption and Competition by reselling transmission to themselves. This functionality in the PCM would incentivize questionable optimization practices that essentially thwart the purpose of Preemption and Short Term Competition. The Joint NT Customers understand that the NAESB subcommittee standards will resolve this issue in the future. However, if BPA implements Preemption and Short Term Competition it must seek to minimize the opportunity for such practices. One solution would have BPA create a business practice that limits a customer's ability to make such resales or face consequences such as a call to FERC to report transmission abuse.

Unconditional Deadline Issues

The Joint NT Customers do not believe it is necessary to extend the Unconditional Lead Times when the challenger is an NT customer. Specifically, BPA proposed to incorporate additional time for the Challenger and Defender processes to occur. These additions effectively extend the Unconditional Deadline and decrease the amount of time a transaction is subject to Preemption and Competition. Furthermore, in the case of a weekly transmission request this proposal would conflict with the reservation window leaving, at best, a day and a half for weekly requests to be subject to Preemption and Competition. Given the speed with which NT Preemption can take place, additional Challenger Lead Time should simply reflect the administrative time necessary for BPA to identify and award the transmission if any exists. Based on conversations with BPA the Joint NT Customers understand that it takes mere seconds to complete the Preemption process when an NT customer is the Challenger.

In regard to the PCM system parameters, BPA has indicated that they intend to include automatic start and end hours. BPA's stated purpose was to restrict decision making to WECC Business days. It is unclear how automatic start and end times achieves the stated purpose as there remains significant activity on the part of the real time desk over weekends in order to comply with deadlines required of active qualifying Competitions. Further, given that there is no response required from PTP customers for NT Challenges that can exercise Preemption the concern is moot. The true effect of this rule is to artificially cut-off Preemption and Competition and extending the Unconditional Window. This is an example of the rule sweeping much more broadly than necessary to achieve the stated purpose. If BPA insists on implementing the automatic start and end times the Joint NT Customers propose that they not apply to NT Challengers exercising Preemption rights. This avoids unnecessarily limiting NT Preemption rights.

BPA Must Address the Hourly Issues Raised By Preemption and Short Term Competition

The Joint NT Customers object to BPA's failure to address the issues posed due to BPA's practice of selling hourly firm transmission while choosing not to implement hourly competition in the short term. The Joint NT Customers recognize that BPA as well as the Pacific Northwest transmission markets and customers could be severely impacted if Preemption and Short Term Competition were implemented in hourly markets. However, BPA's practice of selling hourly firm without Preemption upsets the balance set forth in the pro forma tariff. The Joint NT Customers appreciate that this issue is not overly pressing at this time given that BPA currently sells unlimited hourly firm and non-firm transmission. However, this is unlikely to be the case going forward. As a result, the Joint NT Customers believe it is essential for BPA to reconcile its practice of hourly firm sales with the intent of Preemption and Competition. The Joint NT Customers ask BPA to continue working with its NT customers to resolve the dilemma presented by its hourly sales practice.