



Transmission Services

Customer Comments on Short-Term Competition for Transmission Rights

Comment Received from
Clark Co. PUD
March 30, 2012

Posted April 5, 2012



Commissioners

Nancy E. Barnes
Carol J. Curtis
Byron H. Hanke

*Chief Executive Officer/
General Manager*

Wayne W. Nelson

March 30, 2012

BPA Transmission Services
VIA Email: techforum@bpa.gov

RE: Comments on Transmission Short Term Preemption & Competition for
Transmission Rights

Clark appreciates the opportunity to comment on BPA's Short Term Preemption and Competition for Transmission Rights (Short Term Competition) presentation from March 1, 2012. BPA is putting forth a great deal of effort to develop practices that are consistent with the FERC Pro Forma Tariff. Many of those changes are necessary and will contribute to more robust transmission markets. However, Clark has concerns with regard to the development of the Short Term Competition rules as they have been explained.

Specifically, Clark is alarmed that development of this policy has failed to consider the interrelationship and implications that the Short Term Competition policy will have on other BPA policies. For example, BPA has one of the most liquid Transmission resale markets in the nation. So robust in fact most of the representatives from the northwest region agreed that it would be impractical for BPA to take on the FERC Pro Forma Tariff obligation of serving as the Financial Middleman in these transactions; as a result these resale transactions are handled between the parties and the region is seeking a deviation from FERC on this matter.

Additionally, one of the reasons BPA has such a high volume of resales is due to the ability of the transmission owner to redirect its PTP transmission rights. Under the Short Term Competition policy BPA is proposing to require that when transmission is redirected it should be subject to Competition. This introduces a great deal of uncertainty in transactions given that the request was likely made by the purchaser of resold transmission. In addition, there are questions of how to conduct competitions when the competition involves redirected transmission, how to enforce competitions involving resales, and how to bill customers after the fact. This policy will likely reduce the liquidity in the resale market as well as reduce BPA short term sales regardless of its design, and yet BPA has not answered these and other critical questions.

This policy has the potential to create significant conflicts with other initiatives within BPA beyond those articulated in these comments; for this reason Clark strongly suggests that BPA take the time to review the potential impacts to these and other transmission policies before it moves forward on other implementation aspects of the Short Term Competition policy.