



Department of Energy

Bonneville Power Administration
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October 24, 2012

Kimberly D. Bose
Secretary of the Commission
Federal Energy Regulatory Commission
888 First Street N.E.
Washington, D.C. 20426

Re: Bonneville Power Administration, Docket No. NJ12-7-000
Informational Filing Regarding Automation Efforts

Dear Secretary Bose:

The Bonneville Power Administration (“Bonneville”) submits this informational filing updating the Commission regarding the status of various automation efforts described in Bonneville’s March 29, 2012, Petition for Declaratory Order Granting Reciprocity Approval in Docket No. NJ12-7-000.¹ Bonneville said it would provide the Commission with periodic updates on the status of these efforts.² In its petition, Bonneville described five separate efforts needed to achieve tariff compliance, including:

1. Implementing a Simultaneous Submission Window for Short-Term Firm Point-to-Point Requests;
2. Implementing Short-Term Preemption and Competition;
3. Allowing Redirects and Assignments of Point-to-Point Conditional Firm Service;
4. Posting Available Transfer Capability (ATC) for Posted Paths; and

¹ Bonneville Power Administration Petition for Declaratory Order Granting Reciprocity Approval and Exemption From Filing Fee, Docket No. NJ12-7-000 (Mar. 29, 2012) (“Bonneville Petition”).

² *Id.* at 6.

5. Offering Non-firm Point-to-Point and Secondary Network Service Products on a Monthly, Weekly and Daily Basis.³

Bonneville notes two things common to most of these efforts. First, Bonneville has formed cross-functional teams for each of these efforts and has engaged customers extensively regarding the necessary policy, process, and automation development. Second, as described in more detail below, Bonneville has received numerous comments and inquiries from customers as a result of this outreach.⁴ Bonneville is taking these comments and inquiries into account and is continuing to engage with customers as it completes these efforts.

The status of each of the efforts is discussed in detail below.

1. Implementing a Simultaneous Submission Window for Short-Term Firm Point-to-Point Requests

In its petition, Bonneville indicated that it intended to choose a simultaneous window methodology and file the appropriate tariff amendments incorporating that methodology with the Commission by the end of the summer of 2012.⁵ Over the summer Bonneville staff identified and analyzed various potential methodologies, soliciting customer comment as part of that process. Subject to Commission approval, Bonneville chose to implement a five-minute window and use a random lottery allocation methodology to award available capacity to requests submitted within the window. Bonneville filed its methodology with the Commission on September 4, 2012.⁶

Bonneville is currently working with its vendor to develop the automation necessary to implement its proposed window. This automation effort should be finished by April 2013,

³ *Id.* at 23–24, 46–53.

⁴ For more information, please visit Bonneville’s OATT Automation Initiatives webpage at: http://transmission.bpa.gov/customer_forums/bpa_oatt/default.cfm?page=autoinit.

⁵ Bonneville Petition 24.

⁶ Bonneville Power Administration Petition for Declaratory Order Granting Reciprocity Approval and Exemption From Filing Fee, Docket No. NJ12-13-000 (Sept. 4, 2012).

which is the timeline Bonneville proposed in its petition.⁷ That said, Bonneville will not implement its proposed window even if its automation is complete until it has received Commission approval to do so.

2. Implementing Short-Term Preemption and Competition

Bonneville has created an exceptionally robust and liquid short-term market that serves the Pacific Northwest region well.⁸ Bonneville's offering of hourly firm service, coupled with its customers' use of assignments and redirects of transmission service on a short-term basis, provides significant flexibilities in the use of firm transmission service and has fostered growth in the short-term market. On many days Bonneville receives more than 1,500 short-term (364 days or less) transmission service requests. In particular, point-to-point transmission customers use the short-term market extensively, including load-serving entities, which use short-term (often hourly) firm service to serve their load.

Because of this high volume, Bonneville has automated its process for handling short-term requests, and has struggled to find a way to implement preemption and competition while preserving the liquidity and flexibility of the short-term market. Bonneville has found that existing preemption and competition software is not designed to handle the volume of short-term requests, assignments and redirects on Bonneville's system. Some of the processes performed by the software for preemption and competition become impractical with high volumes.⁹ In addition, the existing software can experience problems

⁷ Bonneville Petition 24.

⁸ In a 2010 report regarding capacity reassignments, Commission staff noted that reassignments reported on Bonneville's system comprised approximately 79% of the total number of reassignments nationally. *See Commission Staff Report on Capacity Reassignment*, Appendix A (Apr. 15, 2010).

⁹ For example, when a competition occurs, the industry standard is to remove the original reservation that is being competed and replace it with a "match request" with which the customer may match the terms of the competitor's request. If the original customer wins the competition, the match request remains in place and becomes the reservation on which service is provided. The customer must then update any related or subsequent transactions to include the match request's assignment reference number instead of the original reservation's number. With high volumes, this becomes inefficient and time-consuming and can lead to

processing competitions involving redirect requests, particularly at high volumes. These problems can result in inconsistencies and inaccuracies (for example, in billing).

Further, Bonneville and its customers have identified significant challenges with conducting preemption and competition for hourly firm service, a service which Bonneville's customers use extensively. Hourly firm service can be requested on very short timeframes—it does not become available until 10:00 am on the preschedule day and can be requested up to 20 minutes before the hour of delivery—which leaves customers little time to react to changes caused by preemption and competition. If a customer lost a competition for hourly firm service, it would likely have to unwind or renegotiate the energy transaction needing that transmission and modify any related or subsequent schedules or assignments, and might have to secure alternative energy and transmission arrangements to ensure that load is served. Given the short timeframes for hourly firm service, there often is not time to take all these actions.

Implementing preemption and competition will introduce uncertainty and disruption in the short-term market for many of Bonneville's customers, and Bonneville and its customers are working to ensure that preemption and competition can occur while still allowing load-serving entities in the Pacific Northwest to reliably serve their loads using Bonneville's firm short-term products, particularly hourly firm service. The agency has addressed a myriad of challenges in the past several months, but a significant number of policy and technical issues remain.

For example, “off-the-shelf” preemption and competition software that addresses Bonneville's and its customers' specific needs and preserves existing flexibility does not currently exist. BPA had initially explored with its vendor the possibility of developing a

error. As discussed below, a subcommittee of the North American Energy Standards Board is considering solutions to this and other problems, but the process will take several months and will not be completed by April.

customized version of the vendor's existing software. Through these discussions, it has become clear that it will not be possible to develop a customized version of the software by April 2013. Therefore, Bonneville is evaluating potential options to mitigate the impacts to customers and the market if it implements the vendor's existing product. In addition, Bonneville is considering how (or if) preemption and competition should work for hourly firm service, given its short timeframes.

Bonneville also notes that there is substantial uncertainty surrounding preemption and competition generally within the industry. A subcommittee addressing Open Access Same-Time Information System (OASIS) standards within the Wholesale Electric Quadrant of the North American Energy Standards Board is engaged in a comprehensive process to consider all aspects of preemption and competition and develop a more complete set of industry-wide standards that could resolve many of the issues Bonneville is facing. Bonneville and many of its customers are actively engaged in this industry effort. The process will likely take several more months and lead to changes in the vendor's off-the-shelf product.

In its petition, Bonneville indicated that it planned to implement automation by April 2013.¹⁰ Bonneville is working to address the myriad challenges discussed above and still plans to meet that date. Bonneville will provide another update to the Commission in early 2013, and if its schedule has changed, it will describe the changes then.

3. Allowing Redirects and Assignments of Point-to-Point Conditional Firm Service

Bonneville is developing business process and system changes to allow conditional firm point-to-point customers to redirect or assign their conditional firm service. In its petition, Bonneville proposed to complete these changes on two timelines—implementation of short-term redirects and assignments of point-to-point conditional firm service by October

¹⁰ Bonneville Petition 50.

2012 and of long-term redirects and assignments by April 2013.¹¹ Bonneville implemented short-term redirects and assignments on October 22, 2012, and is on schedule to implement long-term redirects and assignments by April 2013.

4. Posting ATC for Posted Paths

The Commission's regulations require a transmission provider to post ATC for "posted paths" even when the provider employs a flowgate methodology. ("Posted Path" includes "any control area to control area interconnection; any path for which service is denied, curtailed or interrupted for more than 24 hours in the past 12 months; and any path for which a customer requests to have ATC or TTC posted."¹²) Bonneville uses a flowgate methodology to calculate AFC on its internal transmission network and some external interconnections. Bonneville posts AFC values on its OASIS for these network facilities but does not calculate and post ATC values for those same facilities. In its petition, Bonneville identified its failure to post ATC values as a compliance gap and indicated that it planned to post them by April 2013.¹³

Bonneville is currently on schedule to receive, test, and implement the required software by April 2013.

5. Offering Non-firm Point-to-Point and Secondary Network Service Products on a Monthly, Weekly and Daily Basis

Consistent with section 14.1 of its tariff, Bonneville began offering these products for sale on September 28, 2012. This effort is complete.

¹¹ *Id.* at 50–51.

¹² 18 C.F.R. § 37.6(b)(1)(i).

¹³ Bonneville Petition 53.

Conclusion

Bonneville has dedicated great effort and substantial resources to implement the automation projects in the timeline described in its petition, and it remains committed to achieving that goal.

Respectfully submitted,

/s/ Camille Christen

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CERTIFICATE OF SERVICE

I hereby certify that on the 24th day of October, 2012, I served copies of the BONNEVILLE POWER ADMINISTRATION INFORMATIONAL FILING upon the parties named on the official service list compiled by the Secretary in Docket No. NJ12-7 via electronic mail and, where required, by United States Postal Service first class mail, properly addressed with postage prepaid.

DATED this 24th day of October, 2012.

Respectfully submitted,

/s/ Camille Christen

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