



Transmission Services

Customer Comments on Short-Term Preemption & Competition for Transmission Rights

Comment Received from
Puget Sound Area Customers
(Puget Sound Energy, Inc., Seattle City Light,
Snohomish County Public Utility District, and
Tacoma Power)
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Seattle City Light



PUGET SOUND ENERGY
The Energy To Do Great Things



March 30, 2012

Bonneville Power Administration – Transmission Services
TechForum@BPA.gov

Subject: Proposal Related to Short-Term Preemption and Competition for Transmission Rights

To whom it may concern:

Puget Sound Energy, Inc., Seattle City Light, Snohomish County Public Utility District, and Tacoma Power (collectively, the “Puget Sound Area Customers”) submit this joint letter in response to the materials and discussion presented by the Bonneville Power Administration (BPA) at its March 1, 2012 customer workshop on Short-Term Preemption and Competition for Transmission Rights (the “Short-Term Competition Proposal”) related to implementation of Section 13.2, Reservation Priority, of the BPA Open Access Transmission Tariff. The Puget Sound Area Customers, all of which are major transmission customers of BPA, collectively serve approximately two million native load customers in the state of Washington.

The Short-Term Competition Proposal would constitute a fundamental change in the way BPA makes short-term transmission available on its system. We are gravely concerned that the Short-Term Competition Proposal (regardless of which of the options or alternatives under the proposal might be adopted) is incompatible with current regional prescheduling practices and that BPA is not allowing adequate opportunity to explore with its customers the issues raised by the Short-Term Competition Proposal.

A number of BPA transmission customers depend on long-term firm point-to-point transmission rights on the BPA system to operate their systems and serve native load. The ability to redirect these rights on BPA's system facilitates matching delivery schedules to available generation resources and maintaining system reliability as operating conditions change through daily, weekly, and seasonal time periods. Therefore, it is vital that the implementation of a protocol for short-term preemption and competition for transmission rights on BPA's system be carefully examined prior to its implementation.

BPA's customers must be allowed an adequate opportunity to understand and provide meaningful input on any such protocol before it is adopted by BPA, and any such adoption must be tested and implemented in a manner that helps ensure that any such adoption will not adversely affect the ability of BPA and its customers to serve load. In short, the Short-Term Competition Proposal has not yet been adequately discussed and evaluated, and further work is required before any such proposal is implemented on BPA's system.

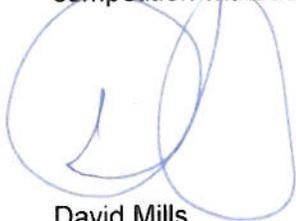
Under the current prescheduling process, the Short-Term Competition Proposal could place an undue burden on the preschedulers and the day-ahead scheduling process. It is a regionally accepted practice that final preschedule checkout is to be completed by 15:00 of the preschedule day. However, with the unconditional window for firm hourly/daily service set at 14:00 of the preschedule day, prescheduling could be disrupted under the Short-Term Competition Proposal: barely one hour before final checkout operators could discover their

preschedules are invalid because underlying transmission rights have been preempted. The prudent approach would be for BPA to move the deadline for the unconditional window earlier in the day (preferably 10-11am) to accommodate the 15:00 final checkout deadline. This would allow preschedulers more time needed to adjust schedules due to changes resulting from a protocol for short-term preemption and competition for transmission rights on BPA's system.

We also request that BPA post estimated hourly firm path limits, for a period of several months, prior to implementing protocol for a short-term preemption and competition for transmission rights and prior to stopping the sale of unlimited hourly firm transmission. Posting the hourly path limits prior to implementation of those limits would give BPA's transmission customers the opportunity to analyze hourly transmission constraints, understand the implications of competition, and better prepare and train traders and schedulers to take appropriate actions to help maintain the reliable delivery of energy to our customers.

Each of the Puget Sound Area Customers may submit, concurrently with this letter, more detailed comments that further describe their particular concerns or questions regarding the Short-Term Competition Proposal. The purpose of this joint letter is to emphatically express our shared view that BPA should not push the Short-Term Competition Proposal forward with unjustified haste when the accompanying implications and risks are so poorly understood and insufficiently addressed. BPA must develop and implement any Short-Term Competition Proposal over a rational timeframe, in a manner that protects the reliability and load-serving interests of its long-term firm point-to-point transmission customers and minimizes opportunities for gaming. The Puget Sound Area Customers stand ready to collaborate with BPA and its other transmission customers to further legitimate objectives through short-term transmission competition without subjecting utility operations and marketing functions to unwarranted risk.

Respectfully submitted,



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