

Customer Comments on BPA's Proposed Draft Tariff Language

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Via e-mail to (techforum@bpa.gov)

RE: BPA OATT Workshop – Comments on January 18 Proposals

Thank you for the opportunity to provide input on the proposed OATT language. These comments represent my own opinions and not necessarily those of any specific customer.

“Common Service Provisions”

The overall substance of this section is probably acceptable to companies I represent in the BOATT process. Whether the concept is ultimately successful will depend upon the details of how this concept is converted to detailed tariff language. Also important will be the justification Bonneville provides to FERC in its request for a deviation.

Bonneville is not unique among transmission providers in having to comply with other statutes. All investor owned utilities must comply with FERC regulations – including their tariff obligations – in addition to obligations under the Endangered Species Act, the Clean Water Act, the Clean Air Act, and state statutes detailing their obligations to ratepayers. None of these other utilities, however, have found it necessary to set forth these other statutory obligations in their OATT. Bonneville may need to explain in more detail why it differs from other utilities in its need to identify these other statutory obligations.

Oddly, one paragraph does not identify Bonneville’s statutory authority, but FERC’s. Bonneville should consider redrafting this paragraph not to identify FERC’s authority under 16 U.S.C. § 824j-1(b), but to define Bonneville’s obligation (if any) to comply with FERC rules and policies. Admittedly, regional consensus on Bonneville’s obligation to comply with FERC rules seems unlikely.

Schedule 9/Schedule 10

Considered together, these sections represent a modest improvement over prior drafts. These Schedules are also consistent with the existing 2012-2013 rate structure for the Variable Energy Resource Balancing Service Rate.

Customers paying the VERBS Rate, however, remain hopeful that in future rate periods there will not be a “fixed quantity of balancing reserve capacity” but that while Bonneville will calculate the VERBS rate based on a specific quantity of reserves, Bonneville will provide additional reserves when it has surplus capacity available. This model would

also allow Bonneville to monetize (through the Energy Imbalance Schedule 9) otherwise uncommitted capacity.

When VERBS customers met with Bonneville on January 9, 2012, and raised this issue, Bonneville staff seemed willing to consider the request and explore it prior to the next Rate Case. The proposed Schedule 9/10 language, however, would appear to make fixing a quantity of reserves a permanent feature in all future rate periods – which is inconsistent with VERBS customers' expectations following the January 9 meeting.

Furthermore, while FERC has proposed allowing transmission providers to charge customers for capacity set aside for energy imbalance service, it has not yet issued an Order on the VER NOPR. FERC's decision may place other conditions upon transmission providers who seek to charge customers for capacity for energy imbalance.

I would suggest that Bonneville consider limiting the duration of the proposed Sections 9 and 10 so that they automatically expire at the end of the current rate period. A sunset provision would alleviate any concern that the proposed OATT language will restrict development of alternative structures in future rate cases. Bonneville should also commit to revisiting Section 10 once FERC issues a Final Order on its VER NOPR.