Transmission Services

Dynamic Transfer Capability: Requesting & Awarding – Pilot Phase 2, V3

Response to Customer Comments

Posted: January 10, 2011

This document contains the Transmission Customer comments and Transmission Services' response to those comments for the Requesting & Awarding Dynamic Transfer capability – Pilot Phase 2, V3 Business Practice posted for review from November 1, 2010 through December 17, 2010.

Thank you for your comments.

Table of Contents

1. Xcel Energy 2
2. EnXco Development Corporation 2
3. Powerex 5
4. Transalta 13
5. Elcon Associates, Inc. 15
6. PacifiCorp 18
7. Seattle City Light 18
8 Iberdrola 20
9. Porland General Electric Merchant 21

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1. Xcel Energy

Xcel Energy is intending to provide comments to Bonneville Power Administration regarding their proposal to establish "dynamic transfer capability". We are concerned that this "DTC" concept could result in adverse limitations to wind integration and regional energy market development. In particular some of our concerns arise from the potential for non-comparable treatment between in-system load/resource variations and limits imposed through DTC on dynamic transfer of renewable exports. (i.e. concern that DTC may be applied to exports or dynamic schedules, but not to resources or loads within the balancing area.) Also we are concerned the link between the proposed DTC concept and applicable reliability standards and tariff provisions is unclear and potentially arbitrary.

Transmission Service's Response

Prior to the development of renewable energy resources such as wind, the system was designed to accommodate the use of BPA's transmission to manage load variability within hour with generators that in some cases were remotely located from load.

The integration of wind and other variable generation sources introduces a new source of variability to power flows and system voltage that must be managed in real-time to ensure system reliability is maintained.

The "DTC concept" is a matter of system physics—a physical limit on the system of the amount of variability of dynamically scheduled resources the system can tolerate without adversely affecting reliability. This limit exists whether or not BPA adopts this business practice.

Rather than imposing adverse limitations to wind integration or imposing reliability limits on variable sources after they have been energized, the focus of study efforts - through a regional study group – is to evaluate the potential impacts to system reliability and proactively take steps to enhance the ability of the northwest transmission system to accommodate the high levels of wind generation under development.

2. EnXco Development Corporation

1. Section 2: Eligibility Requirements

   BPA should provide greater clarification on who could request DTC.

   An Open Season participant who has not yet been tendered a TSA due to BPA's need to complete an upgrade(s), or a conditional firm bridge agreement, should be able to request DTC contingent on receipt of either the firm or conditional firm agreement.

Transmission Services' Response

BPA drafted this business practice to accommodate as wide a range of requestors as reasonably feasible to provide flexibility to customers who may choose to apply for this scheduling flexibility. The key factor for the DTC Pilot is the use to which the requested DTC will be put, and not who asks for DTC. The DTC Pilot has been designed to optimize, to the extent possible, access to DTC without compromising the ability to carry out the dynamic transfer limits study and test the associated methodology. The objectives of this DTC Pilot include facilitating the dynamic transfer limits study and supporting the CSGI

Pilot and moving wind projects out of BPA's Balancing Authority Area in order to reduce BPA's obligation to supply wind balancing services to wind projects located within BPA's balancing authority area.

Since the BPA system can accommodate limited amounts of new DTC requests and it is a goal of the Pilot to maximize DTC use for the upcoming rate period, contingent requests for DTC may be detrimental to an optimal allocation of DTC.

The proposed eligibility requirements are for phase 2 of the DTC pilot. Transmission Services will continue to evaluate the guidelines and processes of the DTC Pilot as the dynamic transfer limits study progresses and the associated methodology is tested. As Transmission Services gains experience in the management of the new dynamic transfer limits, Transmission Services will consider alternative eligibility requirements.

2. Section 3: Requesting Access to Dynamic Transfer Capability

   a. 3.2 BPA should explain why there is no queue. Is there no queue only for the pilot period?

Transmission Services' Response

The draft Business Practice is designed to facilitate the objectives of the DTC Pilot. The DTC Pilot has been designed to optimize, to the extent possible, access to DTC without compromising the ability to carry out the dynamic transfer limits study and test the associated methodology. The objectives of this DTC Pilot include facilitating the dynamic transfer limits study, supporting the CSGI Pilot, and moving wind projects out of BPA's Balancing Authority Area in order to reduce BPA's obligation to supply wind balancing services to wind projects located within BPA's balancing authority area.

A purpose of the CSGI pilot is to reduce BPA's obligation to supply wind balancing services to wind projects located within BPA's balancing authority area. Adopting a policy to optimize DTC use to accommodate as much CSGI as possible with a limited amount of DTC furthers this policy objective. In contrast, a "first come, first served" queue approach would result in allocations of DTC without regard to the amount by which the award reduces BPA's obligation to supply balancing reserves.

As the DTC Pilot progresses, BPA will continue to evaluate the guidelines, processes, and timelines associated with requesting DTC.

   b. 3.3 Why the DTC allocation is done on a 2 year basis, where is the transmission service agreement can span for 5 years with rollover right?

Transmission Services' Response

In the DTC Pilot Phase 2, the DTC allocation is limited to the two-year rate case period. This is a significant expansion from the current business practice, which limited DTC awards to one year. This expansion, however, is consistent with a conservative approach of testing policies and gaining experience with new DTC uses before adopting long-term DTC policies.

   c. 3.3 Will the DTC has rollover rights as well?

Transmission Services' Response

No.

d. 3.5.12 & 13. The DTC term limit should be consistent with the corresponding TSA term.

Transmission Services' Response

Please see response to 2.b above. The next phase of DTC policies may consider awards for longer periods.

3. Section 4: Evaluating Requests for Access to Dynamic Transfer Capability

a. 4.4 EnXco is concerned that allocating DTC to self supplier will constitute a discriminatory practice again generators who do no self supply.

Transmission Services' Response

The DTC Pilot Phase 2 has been designed to optimize access to DTC based on participation in the CSGI to support the Wind Integration Team Work Plan and move wind projects out of BPA's Balancing Authority Area in order to reduce BPA's obligation to supply wind balancing services to wind projects located within BPA's balancing authority area. This plan was developed with regional input and established the CSGI Pilot as a priority activity. The CSGI Pilot will fail without access to DTC.

The proposed preference in awarding DTC to wind operators that self-supply generation imbalance and move wind projects out of BPA's balancing authority area is designed to reduce BPA's obligation to supply wind balancing services.

b. 4.5.2.3. Please clarify the use of the term "Dynamic Transfer Capability value".

Transmission Services' Response

The term "value" refers the amount of DTC posted.

c. 4.8. Sections 4.8.3 are missing.

Transmission Services' Response

The provisions have been renumbered.

4. Section 5: Offering Access to Dynamic Transfer Capability

a. 5.2.6. Reassignment and Redirect rights for DTC should be consistent with the rights under the corresponding TSA.

Transmission Services' Response

As previously noted in the FAQs, DTC studies are resource specific, meaning the physics of the system depends on the location of sink and source. The impacts to system physics are not transferrable to some other location.

However, BPA has deleted the prohibition against reassignments from this business practiced. BPA will modify the Dynamic Transfer Operating and Scheduling Business Practice to allow a reassignment of DTC rights in instances where the underlying physics does not change.

b. 5.8. If telemetry facilities are not a part of the Dynamic Transfer Agreement, then there should be a separate facilities agreement.

Transmission Services' Response

Section 5.8 makes clear that BPA will work with its customers to assure the telemetering requirements of the Dynamic Transfer Operating and Scheduling Business Practice are met.

3. Powerex

Powerex is supportive of BPA's decision to engage in a pilot program that allows independent power producers to self-supply balancing services. However, Powerex feels very strongly that all forms of transmission service, including Dynamic Transfer, should be awarded in a fair and non-discriminatory basis, consistent with the principles of the OATT. In the December 2nd workshop BPA described an allocation methodology for Dynamic Transfer Capability that raises several that are probably best answered through a more extensive stakeholder consultation process. Powerex therefore suggests that BPA delays implementing this business practice until such a stakeholder process can be. Further, given the region as a whole may be moving towards 15 minute scheduling as per FERC's most recent NOPR on variable generation, the needs for and uses of dynamic transfer could drastically change. With that in mind, BPA should ensure they take sufficient time to develop business practices and processes consistent with the changes that could occur to scheduling standards and criteria in WECC.

Regarding the dynamic capability of the system, Powerex is most interested in how BPA plans to transform this pilot into "normal" operations and, we look forward to being engaged in that particular discussion. Consistent with our comments on the Dynamic Transfer Operating and Scheduling Requirements, we suggest that BPA resist further modification of Business Practices until the currently engaged technical effort initiated by ColumbiaGrid and NTTG produces at least Phase 1 results. Powerex believes that a better understanding of the technical aspects of providing and using dynamic transfer capability will better inform associated business practices.

1. Section 1: Definitions

   In general, we suggest that BPA use definitions that are consistent with definitions already used by FERC, NERC and WECC, unless there are regional differences that need to be accommodated.

   a. 1.1 Applicant

      It is not clear whether BPA expects customers engaged in the self-supply pilot or potential participants as Balancing Resources to seek dynamic transfer awards.

Transmission Services' Response

BPA chose to use its own definitions rather than NERC terms because BPA believes its definitions are clearer. BPA does not believe there is a substantive difference between these definitions as the following comparisons show:

"Pseudo tie" definition from NERC

A telemetered reading or value that is updated in real time and used as a "virtual" tie line flow in the AGC/ACE equation but for which no physical tie or energy metering actually exists. The integrated value is used as a metered MWh value for interchange accounting purposes.

BPA's definition

Pseudo-Tie: A telemetered reading or value that is updated in real-time that represents generation or load assigned dynamically between Balancing Authorities and used as a tie line flow in the effected Balancing Authorities' AGC/ACE equation, but for which no physical Balancing Authority tie actually exists. To the extent that no associated energy metering equipment exists, the integration of the telemetered real-time signal is used as a meter MWh value for interchange accounting purposes. A Pseudo-Tie facilitates a power transfer between Remote Loads and/or Resources that are part of the same Balancing Authority Area

"Dynamic Transfer" definition from NERC

The provision of the real-time monitoring, telemetering, computer software, hardware, communications, engineering, energy accounting (including inadvertent interchange), and administration required to electronically move all or a portion of the real energy services associated with a generator or load out of one Balancing Authority Area into another.

BPA's definition

Dynamic Transfer: A term that refers to methods by which the control response to load or generation is assigned, on a real-time basis from the Balancing Authority to which such load or generation is electrically interconnected (native Balancing Authority) to another Balancing Authority (attaining Balancing Authority) or other controlling entity on a real-time basis. This includes Pseudo-Ties, Dynamic Schedules, and dynamic arrangements within the BPA Balancing Authority Area.

"Dynamic Schedule" definition from NERC

A telemetered reading or value that is updated in real time and used as a schedule in the AGC/ACE equation and the integrated value of which is treated as a schedule for interchange accounting purposes. Commonly used for scheduling jointly owned generation to or from another Balancing Authority Area.

BPA's definition

Dynamic Schedule: A telemetered reading or value that is updated in real time and used as a schedule in the Automatic Generation Control (AGC) and the Area Control Error (ACE) equation and the integrated value of which is treated as a schedule for interchange accounting.

Pursuant to Section 3.1 of the draft Business Practice, anyone seeking new access to DTC on BPA's system must request DTC. This requirement is applicable to the participants of Phase 2 of the CSGI Pilot. The entity that will be controlling dynamically transferred generation in real time should request DTC for that generator. BPA added a sentence to the definition of "Applicant" to make that clear.

b. 1.3 Committed Use

Powerex has previously been awarded dynamic transfer availability at the US/Canada border which was later restricted to 300 MW. Powerex is interested in whether BPA considers the originally awarded capability as committed use and if not, then what rights does Powerex still have as a result of the original award?

Transmission Services' Response

This business practice does not address historically awarded DTC and is not intended to affect existing rights. Powerex's historic use of its DTC at the US/Canada border would be captured by BPA's assessment of historic use.

Any questions about existing contracts should be discussed with your Transmission Services Account Executive.

c. 1.5 Dynamic Transfer

In this definition, BPA uses the term "other controlling entity", please fully explain this term.

Transmission Services' Response

"Other controlling entity" refers to an entity other than the balancing authority that may be controlling output of a resource subject to dynamic transfers.

d. 1.7 Dynamic Transfer Operating Agreement

Please explain why it is necessary to execute an additional agreement, given that only customers with firm rights can be awarded dynamic transfer capability.

Transmission Services' Response

A Dynamic Transfer Agreement is needed to document the award of DTC and set forth terms and conditions for use of DTC on BPA's system.

A Dynamic Transfer Operating Agreement addresses operational issues requiring agreement of an affected third party, such as a neighboring balancing authority.

BPA will continue to evaluate both the Dynamic Transfer Agreement and Dynamic Transfer Operating Agreements as the DTC Pilot progresses.

e. 1.9 Historic Use

Powerex is concerned that a historic snapshot for determining a baseline assessment may not be an appropriate starting point. Here, we believe, is an excellent example of the value of letting the technical work that is already engaged to play out to ensure that going-forward, capability awards are done in a consistent manner.

Transmission Services' Response

BPA's approach to measuring "historic use" is a conservative approach designed to assure that BPA can accommodate DTC without adversely affecting historic uses, committed uses, or reliability. This business practice is independent of the particular methodology used to determine how much DTC is available for new uses. Thus, a change in methodology would not likely require a change in this business practice.

BPA believes its approach to awarding DTC for Phase 2 of the DTC Pilot is necessary for testing the DTC methodology at this stage of the dynamic transfer limits study.

One task of the WIST technical working group is to consider how DTC should be measured. BPA does not anticipate that adopting this business practice will preclude consideration of recommendations on DTC methodology the WIST may propose.

f. 1.10 PUF

Here again, the technical work may suggest a different evaluation basis, e.g., one more dynamic that a PUF determination.

Transmission Services' Response

BPA agrees with this comment.

2. Section 2: Eligibility Requirements

a. 2.1.1 It is unclear whether the requester needs to have an approved firm TSR or whether the DTC request can be linked to a firm request with some other status (queued, study, etc.).

Transmission Services' Response

The current draft of the business practice assumes that the requestor has an approved firm transmission right. For purposes of awarding DTC to support CSGI Pilot Phase II, BPA believes this policy should continue. The DTC Pilot has been designed to optimize, to the extent possible, access to DTC without compromising the ability to carry out the dynamic transfer limits study and test the associated methodology.

Since the BPA system can accommodate limited amounts of new DTC requests and it is a goal of the Pilot to maximize DTC use for the upcoming rate period, contingent, pending or in-study requests for DTC may be detrimental to an optimal allocation of DTC for the upcoming rate period. Whether a request for DTC could be linked to an unapproved TSR is an issue to be discussed as BPA's DTC policy evolves.

b. 2.1.2 It is unclear as to whether BPA expects self-supply customers or potential "Balancing Resources" to submit requests. Clarifying this would reduce redundant efforts and would enable BPA to avoid potentially conflicting and competing requests.

Transmission Services' Response

The rules for establishing a balancing plan, including rules for adding and removing "balancing resources" to be used to self supply are published in the CSGI Pilot business practice, which makes clear it is the responsibility of self-supplying customers to submit or modify a balancing plan comprised of "balancing resources." *See* CSGI Pilot Program Business Practice. Entities that supply balancing services to a CSGI participant need not separately apply for DTC.

The entity that should apply for DTC under this Business Practice is the entity that will be initiating changes to the dynamic transfer in real-time. BPA has added a sentence to its definition of "Applicant" to make this clear.

3. Section 3: Requesting Access to Dynamic Transfer Capability

   a. 3.1 It is not clear what BPA considers to be "new access". For example, it is not clear to what extent "changed use" of historical rights or historical awards in abeyance are considered "new access".

      BPA has indicated that it has determined historical use by reviewing customer usage over a three year period. However, it is unclear how BPA used this historical use to determine what rights to assign to customers based on this historical period; what would be considered "changed use"; and what capacity is available for new customers.

Transmission Services' Response

BPA's assessment of "historic use" was performed for purposes of determining how much additional DTC could be accommodated over short periods (one year in the case of the CSGI Pilot Phase I) without interfering with "historic uses" or adversely impacting system reliability. This process did not result in an assignment of specific amount of DTD to existing contract rights to dynamically schedule on BPA's system, and BPA is not proposing to do so in this business practice.

A significant change in historic use is a "new use." For example, changing a resource from following load to following wind project output would likely increase that customer's use of DTC and would likely constitute a new use.

At this time BPA has elected not to require such customers to apply for DTC as a "new use." However, BPA has consistently advised customers to contact BPA through their Account Executive to make sure BPA understands the nature of the change in use so it can advise the customer whether that new use can be accommodated without adversely affecting reliability and whether additional requirements are needed to accommodate the new use.

   b. 3.3 We believe that BPA could evaluate the ability for the FCRTS to accommodate dynamic transfers on a more dynamic basis rather than performing evaluations "at least once every two years." We encourage BPA to seriously consider investment in software and hardware to enable more dynamic evaluations. At a minimum, BPA should perform a cost-benefit analysis of this option, as we believe that this is a cost-effective option for the medium and long-term.

Transmission Services' Response

BPA has modified the business practice to focus on the award of DTC for the rate case. The business practice does not address how often BPA will evaluate DTC requests in the future.

As BPA's DTC policies evolve after the WIST provides its recommendations, it expects to establish policies for how often it will review DTC requests and what evaluation criteria (e.g. cost/benefit) could be most appropriately used.

   c. 3.5 This section is quite confusing, in that it is not clear whether a customers engaged in self-supply is using its own award of dynamic transfer capability or

if Balancing Resources are expected to either use their own, existing dynamic transfer rights or seek additional rights. Moreover, much of this information should be communicated through E-tags.

Transmission Services' Response

Pursuant to Section 3.1 of the draft Business Practice, anyone seeking new access to DTC on BPA's system must request DTC. This requirement is applicable to the participants of Phase 2 of the CSGI Pilot.

The entity that should apply for DTC under this Business Practice is the entity that will be initiating changes to the dynamic transfer in real-time.

The self-supplying entity is required to seek an allocation of DTC for each balancing resource. If the resource is party to an existing DTC allocation to another entity, the requested allocation by the self-supplying entity would be considered an additional use imposed on the resource. In this example, multiple entities would be initiating dynamic transfer changes to a single resource and each of these entities would be required to seek a DTC allocation for their portion of the use of the resource.

d. 3.5.7 This is a critically important element in that the quantity of dynamic transfers capability that the BPA system can absorb is sensitive to ramp rates. Customers need guidance from BPA as to what ramp rates can be accommodated on various locations of the BPA system. Otherwise, customers will be seeking maximum rates which will unnecessary result in unsuccessful requests. As a minimum, Powerex believes that if BPA cannot accommodate the service request due to ramp rates that BPA counter with a proposal indicating an acceptable ramp rate.

As an alternative for consideration, BPA should consider whether their system can implement two types of dynamic scheduling products – a fast-ramping four-second product and a slower ramping, possibly 10 or 15 minute, product. Powerex believes a slower ramping product to accommodate the vast majority of wind plants with long slower ramp rates may be a useful complementary product to the four-second product.

Transmission Services' Response

BPA declines to specify what ramp rate a customer believes it needs to achieve its objectives for a particular resource. BPA added a new section to allow BPA to make a counteroffer if a request for DTC cannot be accommodated because, e.g., the ramp rate is too aggressive. This creates the flexibility to work with the customer to set DTC parameters that work for both parties.

In general, slower ramp rates will consume less DTC and are less of a problem for BPA's system to accommodate, even if the output is measured every four seconds. Thus, a strategy for a customer to adopt to minimize their DTC needs would be to propose slow ramp rates or limit the number of changes to schedules they would make over the delivery hour.

e. 3.5.8/3.5.9 These requirements do not seem to make sense given the limit imposed in section 3.5.12 as well as the requirement to execute an agreement.

Transmission Services' Response

Section 3.5.8 allows a customer to submit a request with a different start date than October 2, 2011.

Section 3.5.9 requires the customer to state the purpose for which it is requesting DTC.

Section 3.5.12 makes clear that BPA will not grant DTC requests beyond September 30, 2013.

f. 3.6 Confirm requests should be handled immediately; we do not think that separate emails within three Business Days are necessary.

Transmission Services' Response

BPA has determined that three Business Days is a reasonable time period to process confirmation of requests. BPA will take this comment into account as the DTC Pilot progresses.

4. Section 4: Evaluating Requests for Access to Dynamic Transfer Capability

We agree that BPA should not allocate additional use of its system which would result in degrading historical use and committed uses. That said, we believe that this entire evaluation discussion should be addressed by the regional technical team dedicated to the topic of dynamic transfer capability. For example, it is critical that there is transparency in terms of how BPA will evaluate its own need for dynamic transfer capability (4.3.4) and how it will evaluate customer's requests.

a. 4.1 In addition to our comments in 3.3, Powerex believes that DTC requests should be evaluated on an ongoing basis, as far as possible, while recognizing that each request cannot be considered in isolation from other DTC requests and existing usage.

Powerex also believes that BPA should set out the methodology for allocating dynamic scheduling so that the process is transparent and non-discriminatory. At a minimum, Powerex believes that BPA should clearly set out the rules and procedures for awarding dynamic scheduling capability on its system and post awards of dynamic scheduling capability on its OASIS.

Transmission Services' Response

The method for measuring available DTC is among the issues to be addressed by the WIST.

However, BPA believes the question of how much DTC BPA should make available is a matter of BPA policy because BPA bears the responsibility for honoring historic and committed uses while maintaining reliability.

Evaluating requests on an ongoing basis is an ideal goal that is not practical at this time given resource limitations, the modest amount of DTC available on BPA's system, and the evolving nature of these policy and technical issues. As these issues evolve, BPA expects to improve its process for receiving and evaluating requests.

This business practice sets for the rules and procedures for awarding DTC. BPA has discussed its methodology for determining and awarding DTC publicly over the course of the DTC Pilot.

b. 4.3.1 Similar to our comments in 3.1, what qualifies as a change from historic use?

Transmission Services' Response

A change in historic use is a change in the variability of a dynamically controlled generator over the delivery hour as compared to the historic variability of that generator. Thus, for example, changing the use of a dynamically scheduled resource from following load variability to follow wind project output would likely be a change in use because the variability of that resource would change.

BPA has consistently advised customers to contact BPA through their Transmission Services Account Executive to make sure BPA understands the nature of the change in use so it can advise the customer with respect to the relevant requirements for any new use.

c. 4.4 It is very important to soon schedule the discussion about evolving the self-supply pilot into "normal operations" so that it will not be necessary to prioritize certain uses, i.e., CSGI Pilot Program Phase 2 will be processed first.

Transmission Services' Response

BPA expects to engage in discussions with customers about evolving into "normal operations" after the WIST issues its report and after the next round of DTC awards are completed in late spring.

d. 4.5 We are very interested in BPA investing is a more dynamic evaluation process, rather than use historical assessment and layer PUF calculations for individual requests. The evaluation process outlined in the business practice seems extremely cumbersome and taxing on staff time. Moreover, we believe that case-by-case evaluations may result in erroneous awards of dynamic transfer capabilities simply by ignoring aggregated effects.

Transmission Services' Response

These are legitimate concerns that BPA shares. BPA anticipates addressing these types of issues collaboratively through the WIST.

In many instances, a case-by-case analysis is necessary because DTC analysis does not lend itself well to a one-size-fits-all approach since DTC analysis is location and resource specific. BPA takes into account aggregated effects in conducting these studies.

e. 4.8 It is not clear what a partial or conditional grants means in the context of dynamic transfer capability. For example, what if a different ramp rate could be accommodated and then, would allow the granting of capability, is that considered a "partial" grant?

Transmission Services' Response

Limiting the ramp rate to a level that BPA can accommodate is an excellent example of a conditional approval. A partial grant is an offer to provide an award that is less than the Applicant requested.

5. Section 5: Operating Access to Dynamic Transfer Capability

   a. 5.2 It appears that BPA is concerned about its dynamic transfer capability evaluations given that 5.2.1 preserves the right to eliminate or amend agreements. While awarding preference to requests may be acceptable for limited purposes, such as the self-supply pilot, it is not appropriate to put in place preferences that would result in prioritized terminations and/or amendments.

Transmission Services' Response

Section 2 addresses the eligibility requirements for DTC use. BPA agrees that it is not appropriate to terminate or amend Dynamic Transfer Agreements based on preferences.

   b. 5.2.1 We suggest that this section be eliminated.

Transmission Services' Response

BPA has eliminated 5.2.1.

   c. 5.2.6 It is not clear why BPA will not allow the reassignment of dynamic transfer capability.

Transmission Services' Response

As stated above, DTC assessments are location and resource specific and become invalid if use, resource, or location change. However, BPA is willing to allow reassignments under conditions where the DTC impact to the BPA system does not change. Thus, it has deleted the prohibition against reassignments in this business practice and will include a new provision in the Dynamic Transfer Scheduling and Operating Requirements Business Practice that will allow reassignment of DTC awards in limited circumstances where use of DTC does not change impact to the BPA system as a result of the reassignment.

   d. 5.4 As above mentioned, it is not clear why a separate agreement is needed. We encourage BPA to consider a less administratively burdensome approach to enabling dynamic transfers.

Transmission Services' Response

See response to Section 3.d above. BPA will continue to evaluate both the Dynamic Transfer Agreement and Dynamic Transfer Operating Agreements as the DTC Pilot progresses.

4. Transalta

DTC Guiding Themes

1. TransAlta believes BPA and the region cannot create and implement sound DTC policy in the time allotted. The Business Practices that result from this comment period must be treated as temporary fixes, not extending beyond the 2010 Rate Period for example, while the major issues are sorted out.

Transmission Services' Response

BPA agrees that these issues and corresponding policies, including business practices, will necessarily evolve, and BPA will continue to assess such matters over Phase 2 of the DTC Pilot.

2. Facilitating participation in wind balancing self supply plus greater use of INCs and DECs are worthwhile DTC priorities for the near-term to ensure those initiatives are successful. TransAlta also agrees that some mechanism that ensures DTC is well utilized is an important feature that needs more attention as the rules evolve.

Transmission Services' Response

BPA supports the principle that DTC be "well utilized."

3. Short-term Business Practices (as imperfect as they may be) provide some time for BPA to understand and maximize the amount of DTC that is truly available on the system. TransAlta found that working content and discussions were backwards and needing to be flipped so that priority is first learning how much DTC can be safely be wrung from the system now, and in the future with reasonable modifications. Then follow with equitable rules and practices.

Transmission Services' Response

BPA agrees with the philosophy that equitable rules and practices that follow understanding is a good way to address issues. In this instance, the extraordinarily rapid growth in wind resources on BPA's system and the attendant consumption of BPA's ability to supply balancing services required BPA to respond with a number of policies designed to support as much wind as practical without raising rates significantly. This led to the region's support of BPA in creating the program known as WIT 1.0. Implementing a dynamic transfer limits study and a DTC pilot program were elements of this regional plan.

Specific Comments: Requesting & Awarding Access to Dynamic Transfer Capability – Pilot Phase 2

1. 3.4 The 20 calendar days seems like an odd and very short timeframe to initiate request reviews. Shouldn't BPA borrow Network Open Season procedures to create a known and predictable run-up to the evaluation period?

Transmission Services' Response

Given the rate case timeframe and customer desire to engage BPA in discussing DTC issues, it is not feasible to provide additional time to initiate DTC requests for Phase 2 of the Pilot and meet the proposed rate case commitments. This is why BPA encouraged stakeholders at the DTC 101 Workshop to submit their DTC requests as soon as possible, and not to wait for formal adoption of the revised DTC business practice.

As the DTC Pilot progresses, BPA will continue to evaluate the guidelines, processes, and timelines associated with requesting DTC.

2. 4.1 If BPA truly wants to foster initiatives like wind balancing self-supply and more INCs and DECs on the system, DTS requests must be handled more frequently than every two years. The amount of delay is not practical.

Transmission Services' Response

BPA agrees with this comment. The business practice does not preclude BPA from considering requests more frequently. As the DTC Pilot progresses, BPA will continue to evaluate the guidelines, processes, and timelines associated with requesting DTC. BPA anticipates addressing this issue in the next iteration of the business practice.

3. 4.6.1 This section seems to address a concern of TransAlta because it is important that awarded DTC does not go unused. This section is too vague as written, however, and the concept needs discussion on how the test will be accomplished.

Transmission Services' Response

BPA's goal in proposing this provision is to make clear to customers that DTC should not go unused and that lack of use will be taken into account in the award process for the DTC Pilot. The optimization of awards and use of DTC are important for the dynamic transfer limits study and for testing the methodology and are, thus, imperative to the success of the DTC Pilot.

4. 5.2.1 and 5.3. Again, if BPA wants to foster initiatives that help to solve system-wide problems, section like this must be eliminated or improved to provide participants with some certainties.

Transmission Services' Response

BPA has eliminated Section 5.2.1.

Section 5.3 is necessary to protect reliability and to ensure compliance with this business practice. Even if 5.3 were eliminated, BPA would still have the obligation and authority to act to protect reliability if use of DTC threatened reliability. The risk that BPA may limit use of DTC for non-compliance is intended to foster compliance.

5. Elcon Associates, Inc.

1. BPA needs to establish a Long Term BP for requesting and awarding DTC. I understand that the Pilot 2 is mainly for the self supply of Generation reserves for the 2012-1213 rate period. However, parties developing Variable Resources usually have 20 year PPA, or long term agreements and need to have Long Term certainty when acquiring DTC. BPA needs to establish a long term business practice for requesting awarding DTC.

Transmission Services' Response

BPA expects its DTC policies to evolve to provide customers with greater certainty, including potentially granting long-term awards.

2. DTC is a limited commodity and rules need to be established on how BPA will award this in a fair and impartial matter similar to ATC. BPA needs to establish a queue for DTC similar to ATC. Queue priority should rule for the Long Term award of DTC.

Transmission Services' Response

The draft Business Practice is designed to facilitate the objectives of the DTC Pilot, which include reducing BPA's obligations to supply balancing reserves to wind projects for which the operator is willing to self-supply under the CSGI Pilot Program Phases 1 and 2 and moving wind out of BPA's Balancing Authority Area.

The DTC Pilot has been designed to optimize, to the extent possible, access to DTC without compromising the ability to carry out the dynamic transfer limits study and test the associated methodology. As the DTC Pilot progresses, BPA will continue to evaluate the guidelines, processes, and timelines associated with requesting DTC.

A queue system is not consistent with BPA's goal of assuring that available DTC is awarded in a way that reduces BPA's obligation to supply balancing reserves to the maximum extent practicable. A policy of "first come, first served" does not optimize the system in a manner that reduces BPA need to supply balancing reserves.

3. Historic use and capacity needs to be established for all existing users of DTC.

Transmission Services' Response

BPA's methodology for assessing historic use accounts for flow variability by flow gate within hour from all users of DTC as well as other factors that contribute to within hour variability in power flows. BPA will continue its efforts to evaluate historic uses of the system.

4. Role over rights and rules need to be developed. Parties who receive Long Term DTC should have the ability to role over their rights. Perhaps DTC could be awarded in at least a 5 year length, and those parties receiving DTC for 5 year periods would have role over rights similar to ATC.

Transmission Services' Response

The question of how best to deal with long-term DTC requests is an important subject for future discussions as BPA's DTC policies evolve. As the DTC Pilot progresses, BPA will continue to evaluate the guidelines, processes, and timelines associated with requesting DTC.

5. In Section 4.2, BPA needs to define the term De Minimis. Is it the same as for ATC?

Transmission Services' Response

BPA believes that expert judgment on technical matters is appropriate, such as the instant case where no readily available definition of "de minimus" is apparent.

However, BPA is open to considering suggestions as to how this term might be defined and will continue to seek technical input through the WIST.

6. More clarity is needed on how BPA will process requests and who gets priority. Perhaps some attached examples would be appropriate. Tie-breaker process needs more explanation.

Transmission Services' Response

Section 4.3 makes clear that requests to facilitate CSGI and requests to move wind out of BPA's Balancing Authority Area will be processed together. All other requests for access to Dynamic Transfer Capability will then be processed. The tie-breaking process is based on date of submittal.

7. BPA needs to make public how the requests were processed and why parties got DTC ahead of others. This process needs to be transparent to all requesters and users of DTC.

Transmission Services' Response

Section 4 describes in detail how requests will process. BPA will make the reasons why a request for DTC was denied known to each requestor whose request was denied, but declines to make such reasons public due to commercial sensitivity of the customer's request.

8. BPA should allow assignment of DTC to other parties if the Transmission Service is reassigned that uses DTC. Many developers will request Transmission service and DTC, which will eventually be reassigned to a party purchasing a project.

Transmission Services' Response

BPA has removed the prohibition against reassignments from this business practice and will allow limited reassignment of DTC in the Dynamic Transfer Operating and Scheduling business practice where doing so does not entail a change in DTC use.

9. BPA needs to clarify language in section 5.2.1 involving termination. What will cause BPA to terminate a DTC contract? Why should parties install costly equipment required with the use of DTC and generation self supply, if BPA can terminate at will?

Transmission Services' Response

BPA has removed 5.2.1 from the business practice.

10. BPA should post DTC similar to ATC. If it is awarded under the Pilot, DTC should be modified to show remaining amounts on each constrained path. New requests for telemetering a variable resource through or out of the BPA control area should be given similar priority to those requesting to self supply. If this is not possible, then all other requests that are at BPA or received by BPA after the Pilot is completed need to be evaluated and processed if DTC is available. If not, they should remain in a queue with priority given by request date.

Transmission Services' Response

BPA has posted available DTC by path. However, DTC is not like ATC in that DTC is not readily quantified in discrete units. It is also subject to change depending on ramp rates and other factors unique to resource, use, and location. Thus, posting DTC similar to ATC is not appropriate.

BPA has revised the Business Practice to put self supply requests on a par with requests to move wind resources out of BPA's Balancing Authority Area.

11. Parties with PTSA's awaiting transmission facilities to be constructed should be able to submit requests for future DTC.

Transmission Services' Response

The policy allows a customer to make a DTC request "at any time." However, given the limited amount of DTC on its system, at this point, BPA cannot justify holding out DTC for future use if that DTC is needed by current users. The DTC Pilot has been designed to optimize, to the extent possible, access to DTC without compromising the ability to carry out the dynamic transfer limits study and test the associated methodology. The objectives of this DTC Pilot include facilitating the dynamic transfer limits study and supporting the CSGI Pilot and moving wind out of BPA's Balancing Authority Area. Since the BPA system can accommodate limited amounts of new DTC requests and it is a goal of

the Pilot to maximize DTC use for the upcoming rate period, contingent requests for DTC may be detrimental to an optimal allocation of DTC.

6. PacifiCorp

1. Consistent with general comments above Bonneville should state the interim time period the business practice will be applied. After such interim time period Requesting and Awarding Access to Dynamic Transfer Capability business practice should be terminated.

   Transmission Services' Response

   BPA believes the business practice should remain in place because it governs outstanding awards of DTC. As the DTC Pilot progresses, BPA will continue to evaluate the terms of the Business Practice.

2. In section 3 of this business practice, Bonneville plans to post DTC and award two year contracts that cannot be rolled over or reassigned. This concept will not allow PacifiCorp to plan long-term use of assets and should be removed. Firm transmission right holders should have full access to dynamic transfer capability for the life of their service agreements including rollover rights.

   Transmission Services' Response

   BPA understands the need to address long-term access to DTC. It expects to address this issue as its DTC policies evolve.

3. In section 4 of this business practice, Bonneville does not provide transparency in the DTC evaluation process. It does not state in the business practice if it will provide an explanation of denial or provide any kind of appeal process.

   Transmission Services' Response

   BPA expects to provide an explanation to the requester of an award that was not granted, but declines to make such explanations public because of customers' commercial sensitivity. Since BPA is responsible for maintaining system reliability, there is no right of appeal if BPA denies a request for DTC.

4. The business practice does not address a case where there are multiple customers utilizing DTC on a given transmission path with multiple transmission owners. Please address the awarding process in this scenario.

   Transmission Services' Response

   This question is difficult to answer in the abstract without knowing which transmission path and which transmission owners this question refers to. In general, the variability of power flows on a transmission path does not depend on ownership.

7. Seattle City Light

General Comments

SCL shares BPA's concerns that excessive ramping of schedules across the transmission system could lead to additional reliability risks that need to be evaluated prior to making additional transmission service commitments that may exceed system capabilities. Given the urgency of

responding to requests for DTC, BPA should proceed expeditiously with this analysis. As stated in the preamble to this Business Practice, Transmission Services should gain experience managing dynamic transfer limits and modify processes accordingly. In particular, it should calibrate its modeling efforts with empirical observations of system responses to dynamic transfers.

SCL commends BPA for adopting an approach to allocating DTC such that Historic Committed Uses of the transmission system for dynamic transfers are preserved (4.3 – 4.3.2) These uses are essential for reliable load service in the Northwest.

SCL comments in the previous section recommend ways that the DSS could be sued to facilitate implementation of dynamic transfers. As written, this proposed business practice implies that a minimum term of 2-years may be necessary for a specific dynamic transfer. In addition to the term commitment, a firm transmission path also appears essential to BPA. The DSS was designed to support both long-term and shorter term dynamic scheduling opportunities. For example, monthly and quarterly term services could be provided. Dynamic transfer arrangements may be seasonal and subject to market economics that drive upper unit (i.e. per MWh) costs of low capacity factor uses that require long-term fixed cost commitments. As BPA's methods evolve, it should consider how to develop a business practice that facilitates short-term and seasonal provisions of DTC services.

Transmission Services' Response

The award period for DTC requests was adopted to accommodate rate case timelines.

BPA understands that commercial DTC arrangements may be seasonable. However, the primary goals of this business practice are to facilitate reduction of BPA's obligation to supply wind balancing services, for example by supporting self-supply of balancing services, and move wind out of BPA's Balancing Authority Area as well as facilitate the dynamic transfer limits study.

BPA supports the creation of markets in balancing services but that is not an objective of the DTC Pilot Phase 2.

As BPA's DTC policies evolve, BPA expects to address commercial-oriented policies, in part because BPA believes a robust regional market in balancing services helps the region integrate additional variable energy resources at lower overall cost to regional consumers.

Comments on Specific Provisions

1. 1.8 See SCL's comments on definition 2.3 in section 1.2.1 (repeated here)

   2.3 The statement that "the transmission system…continuously ramp(s)" is not correct. The dynamically transferred loads and resources do the ramping. The capability of the transmission system must sufficient to ensure acceptable performance (e.g. voltage regulation) and secure operation during these ramps.

   Transmission Services' Response

   The definition makes clear that the system accommodates ramping resources.

2. 4.5 The algorithm shown in the proposed Business Practices does not show the PUF analysis in sufficient detail to allow for comment on whether the "smallest PUF" approach is validated by the flow gate impact assumptions derived from the interaction between two sources (balancing and variable resources) and sink. Providing some example PUF use cases would be helpful.

Transmission Services' Response

The PUF factors for BPA's flowgates are posted on BPA's ATC website.

8 Iberdrola

1. It is unclear in the Business Practice which entity would request Dynamic Transfer Capability to enable balancing under a self-supply arrangement (i.e. should the entity who has elected to self-supply its balancing reserves or the customer who is providing balancing services request the Dynamic Transfer Capability, or could either party make the request)? In the current pilot program, Iberdrola Renewables has requested all Dynamic Transfer Capability to enable balancing of its wind portfolio.

   Transmission Services' Respons

   The CSGI Pilot Phase 1 business practice makes clear that the self-supplying entity should request DTC for resources it expects to put into its Balancing Plan. *See* CSGI Pilot Business Practice Phase 1. The operator of a Balancing Resource that intends to supply balancing services to a self-supplying entity need not also apply for DTC.

2. Some of the requirements for submittals under 3.5 are not consistent with an entity operating under a Centroid structure with numerous, aggregated generators and using Dynamic Transfer Capability for balancing as opposed to Regulation.

   Transmission Services' Response

   BPA has reviewed 3.5 and believes it does not conflict with the Centroid concept.

3. In Section 4 the Business Practice states that BPA will evaluate requests for access to Dynamic Transfer Capability at least once every two years. Iberdrola Renewables feels strongly that customers engaged in the Customer Supplied Generation Imbalance (CSGI) program must have greater certainty with regard to the timing of BPA's review of requests for access to Dynamic Transfer Capability. Entities engaged in self-supply of balancing reserves must have a reasonable opportunity to add new balancing resources to their portfolio during the rate period to ensure their ability to successfully balance their variable generation. Iberdrola Renewables recommends BPA commit to evaluate requests for access to Dynamic Transfer Capability needed for the CSGI on a quarterly basis.

   Transmission Services' Response

   Nothing in the business practice prevents BPA from evaluating a request for DTC more frequently than once every two years.

   In addition, BPA agrees with the principle that a self-supplying entity should have a reasonable opportunity to add balancing resources to its portfolio from time to time and adopted that principle in its CSGI Pilot Business Practice Phase 1 and agreed to provide a response within 120 days as to whether the new balancing resource can be accommodated under the self-supplying entity's existing DTC allocation.

4. Iberdrola Renewables is supportive of the priority given to the Customer Supplied Generation Imbalance Pilot Program Phase II in Sections 4.3 and 4.4

   Transmission Services' Response

   BPA appreciates Iberdrola Renewables' support for this policy.

9. Porland General Electric Merchant

While we understand the complexity associated with dynamic scheduling we are concerned that BPA is being unduly restrictive and promulgating a practice which discriminates against and unduly disadvantages some of BPA's customers. Further we are concerned with timelines and market impacts that the proposed business practice may present.

We have the following general questions concerning the proposed business practice:

1. Why is BPA moving forward with business practices on Dynamic Transfer Capacity prior to seeing the results of the Wind Integration Studies Team (Joint Initiative Task Force)?

   Transmission Services' Response

   BPA proposed in its rate case to allow customers to elect whether to self-supply balancing reserves by May 1, 2011. DTC is needed to self-supply balancing reserves. Thus, BPA must conduct a DTC request and awarding process to accommodate rate case timelines. This business practice is needed for this purpose.

   This business practice is independent of the WIST efforts, which are focused on how best to assess regional DTC and hot to grow DTC. This business practice does not include a methodology for determining dynamic transfer limits.

2. Will BPA be reviewing the proposed business practice with FERC to insure that it is non discriminatory?

   Transmission Services' Response

   No.

3. Why has BPA deviated from NERC definitions with regard to Dynamic Transfer?

   Transmission Services' Response

   BPA adopted a different definition to better define Dynamic Transfer. It believes its definition is consistent with NERC's definition. See also response to Powerex, section 3.1.a. above.

4. Will Network Transmission Customers (NT) be required to adhere to this proposed business practice for their use of Dynamic Transfer Capacity?

   Transmission Services' Response

   This business practice applies to all new requests for DTC.

5. What does BPA consider a committed use?

   Transmission Services' Response

   A "committed use" of DTC is an award of DTC granted by BPA to a customer after December 31, 2009.

6. What is the difference between committed and historic use?

Transmission Services' Response

A "committed use" is an award of DTC granted by BPA to a customer after December 31, 2009; a "historic use" is a use of DTC under an existing agreement with BPA prior to December 31, 2009.

7. How is BPA addressing and accounting for issues associated with discrepancies between path based and flow based methodologies on shared paths and paths where BPA is the path operator?

Transmission Services' Response

BPA's DTC methodology is based on system physics, which is based on power flows. Path based methodologies are not part of the methodology.

The following questions relate to specific sections of the proposed business practice:

1. 1.3 Please detail what level of Dynamic Transfer Capacity is reserved by BPA for its own use and what that use is.

Transmission Services' Response

BPA has not reserved any DTC for its own use.

2. 1.6 Is a customer required to enter into a Dynamic Transfer Agreement prior to being informed that their application for Dynamic Transfer Capacity will be awarded?

Transmission Services' Response

No.

3. 1.9 Please explain how you have calculated historic use, in detail, and how the limited time period you have studied accurately reflects the use of the customer's transmission rights.

Transmission Services' Response

BPA measured historic use through a statistical analysis of power flow variability across flowgates on BPA system over a three year period. The purpose of this study was to assess how much DTC BPA could award without adversely affecting historic and committed uses, and without adversely affecting reliability.

This study has nothing to do with transmission rights.

4. 1.10 How often is the PUF updated to accurately reflect system conditions?

Transmission Services' Response

The PUF is calculated using the all lines in service scenario. The powerflow case used will be an accurate representation of the system as it exists at the time of the award.

5. Why is an applicant required to have firm transmission service for a period of at least one year?

Transmission Services' Response

BPA modified this provision to require firm transmission for at least two years to conform to the rate period.

6. Why is the applicant required to have firm transmission service?

Transmission Services' Response

BPA believes firm transmission provides both BPA and the customer a higher level of certainty that dynamic transfers can occur when desired by the customer. Setting up dynamic transfers requires installation of telemetery and other equipment, a factor supporting the requirement for firm transmission.

As BPA's DTC policies evolve, other approaches may be considered.

7. 3.2 Why is there no queue for Dynamic Transfer Capacity requests?

Transmission Services' Response

A purpose of the CSGI pilot is to reduce BPA's obligation to supply wind balancing services to wind projects located within BPA's balancing authority area. Adopting a policy to optimize DTC use to accommodate as much CSGI as possible with a limited amount of DTC furthers this policy objective. A "first come, first served" queue approach would result in allocations of DTC without regard to the amount by which the award reduces BPA's obligation to supply balancing reserves.

8. 3.3 Why is BPA reserving up to two years to assess Dynamic Transfer Capacity and post the results?

Transmission Services' Response

BPA expects to evaluate DTC requests and post awards of new DTC by April 15, 2011.

9. Does Dynamic Transfer Capacity remain static between studies?

Transmission Services' Response

Because BPA has not changed its methodology from February 2010, BPA does not expect significant changes in the results of its February 2010 study. However, BPA may implement changes in methodology recommended by WIST prior to the next scheduled assessment if those changes could result in a different assessment of DTC.

10. If Dynamic Transfer Capacity is not static how will BPA manage the changing levels of Dynamic Transfer Capacity?

Transmission Services' Response

The dynamic transfer limit on the system is a matter of system physics. If a problem develops in real time as a result of a dynamic transfer (such as a voltage excursion), BPA takes action to fix it, including potentially limiting the use of DTC, until the problem clears.

11. How will excess dynamic capacity be managed/used and who has access to the capacity?

Transmission Services' Response

Excess DTC is available to customers who apply for it under this business practice.

12. Why is BPA utilizing a floating review period for Dynamic Transfer Capacity applications?

Transmission Services' Response

BPA expects to assess DTC requests and post the results by April 15, 2011. BPA has not committed to evaluating requests for DTC once this process is completed. However, it expects to revise this business practice once the WIST completes its work.

13. Why is BPA requiring third-party Transmission information prior to scheduling?

Transmission Services' Response

Dynamic schedules do not require third-party transmission information prior to scheduling.

14. Please identify what is a sufficient level of detail necessary to accurately calculate the Dynamic Transfer Capacity impacts of the proposed use of Dynamic Transfer Capacity?

Transmission Services' Response

It is not possible to answer this question in the abstract. This is a technical question that is resource and location specific in relation to the BPA transmission system.

15. How does the intended use of the Dynamic Transfer Capacity impact the Dynamic Transfer Capacity?

Transmission Services' Response

The impact of a dynamic transfer depends on how aggressively a customer expects to vary the output of a resource within the delivery hour. For example, dynamically scheduling a resource to follow load variability does not consume significant amounts of DTC because load variability is small, it is predictable, resources have been scheduled dynamically for many years for this purpose, and the system was designed to accommodate load variability.

Conversely, dynamically scheduling a resource to follow wind project output would likely consume significantly more DTC because wind project variability is much higher than load variability.

16. Is this requirement necessary for operational reasons or customer selection?

Transmission Services' Response

This is about system physics. The intended use identified by the requestor is used when determining how much variability would be imposed on the transmission system as the resource output varies.

17. Why is BPA requiring load information from adjacent BAAs?

Transmission Services' Response

The information being requested is for the pseudo-tied loads that are embedded within the BPA transmission system. This information is needed for short-term operational transmission planning studies.

18. Why is Dynamic Transfer Capacity limited to a two year period?

Transmission Services' Response

BPA is expanding its DTC Pilot program from one year to two years to accomodate rate case timelines.

19. Has BPA analyzed the impacts on their customers that a two year limit places on them?

Transmission Services' Response

The two year DTC Pilot allows expansion of the current CSGI Pilot Program from one year to two years to provide greater certainty to CSGI Pilot Program participants.

20. Will BPA offer roll over rights on Dynamic Transfer Capacity?

Transmission Services' Response

No.

21. Why are Dynamic Transfer Capacity requests restricted to the 2012 – 2013 rate period?

Transmission Services' Response

This was done to accommodate rate case timelines.

22. Is Dynamic Transfer Capacity an economic or operational issue?

Transmission Services' Response

DTC is about system physics.

23. 4.1 Please explain the reasons for an "up to" two year period for the evaluation of request.

Transmission Services' Response

BPA has deleted the provision referring to processing requests after April 15, 2011. BPA expects to revise the Business Practice after awards are made and accepted.

BPA expects to evaluate DTC requests and post the results by April 15, 2011.

24. 4.2 Will there be any limits on the number of de minimus impact requests granted?

Transmission Services' Response

No. However, BPA recognizes it is possible for the cumulative effects of granting several requests that individually do not have a significant impact on DTC could begin to have a significant impact on DTC, at which point BPA would not grant additional requests based

on de minimus logic. To date BPA has granted only one request based on this logic and it was based on a studies review of the system impact of that single request.

25. Could the granting of de minimus requests have a negative impact on the application of another eligible customer?

Transmission Services' Response

This question cannot be answered in the abstract, although it is not likely that generator that has a de minimus impact on DTC would have a negative impact on another customer's application.

26. 4.3 Has BPA considered the market impacts of their proposal to select, based on a non queue non transparent process, successful Dynamic Transfer Capacity customers?

Transmission Services' Response

No.

27. Has BPA considered the impacts of creating different levels of service for customers with the same transmission product based on BPA's interest?

Transmission Services' Response

No.

28. Has BPA considered the impacts of limiting customer's access to Dynamic Transfer Capacity?

Transmission Services' Response

No. The limiting factor is system physics.

29. What is the ranking of flowgates based on?

Transmission Services' Response

The ranking of flowgates is base on PUF factors.

30. Will a customer that holds Dynamic Transfer Capacity rights on their transmission be restricted from applying for additional rights, or the continuation of existing rights, at BPA's discretion?

Transmission Services' Response

No.

31. Please explain what is necessary to effect the purposes of the Dynamic Transfer Capacity pilot Program Phase 2.

Transmission Services' Response

BPA needs to receive requests for DTC by January 28th, evaluate them according to the methodology published in this business practice, grant awards by April 15, 2011, and study the use of these awards through September 30, 2013.

32. What are the appropriate agreements that BPA customers must execute with other impacted BAAs?

Transmission Services' Response

Customer must execute an agreement with other impacted balancing authority areas to use their systems to effect dynamic transfers.

33. Under what authority is BPA requiring other BAAs to comply with BPA's Dynamic Transfer Operating and Scheduling Transmission Service Business Practice, or its successor?

Transmission Services' Response

BPA is not requiring other balancing authority areas to comply with this business practice.

34. Please clarify why a Dynamic Transfer Capacity customer cannot reassign Dynamic Transfer Capacity?

Transmission Services' Response

DTC studies are resource and location specific. BPA has removed the prohibition against reassignments from this business practice. It will include a provision in the Dynamic Transfer Operating and Scheduling Requirements Business Practice that allows reassignments in limited circumstances where doing so does not change DTC use on BPA's system.

35. Are there circumstances where a customer may be allowed to reassign Dynamic Transfer Capacity?

Transmission Services' Response

Yes. See response to question 34 above.

36. 5.3 Is BPA proposing to suspend or limit use of Dynamic Transfer Capacity based on reasons other then reliability?

Transmission Services' Response

No.

37. PGEM requests that BPA provide responses to our questions, and customers have the opportunity to seek clarification on said responses, in a timely manner and prior to implementation of a "final" business practice on Requesting and Awarding Access to Dynamic Transfer Capability – Pilot Phase 2.

Transmission Services' Response

BPA understands customers' concerns but is also bound to meet proposed rate case timelines relating to customer election whether to self-supply balancing reserves.

However, BPA is willing to continue to engage with customers on DTC related issues, particularly on technical issues that will be taken up by WIST.

38. PGEM also requests that the Requesting and Awarding Access to Dynamic Transfer Capability – Pilot Phase 2 business practice be identified as temporary in nature and non-precedent setting.

Transmission Services' Response

BPA declines this proposal. BPA expects to amend this business practice as its DTC policies evolve.