



Transmission Services

Operating Reserves, Version 11

Response to Customer Comments

Posted: December 9, 2015

This document contains the Transmission Customer comments and Transmission Services' response to those comments for Operating Reserves, Version 11, posted for review from Oct. 7, 2015 through Nov. 4, 2015.

Thank you for your comments.

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Two Year Election Period - Under Section B(3)(c), customers are currently required to make a two-year (rate case period) election to: (i) obtain Operating Reserve Services from a Third Party; (ii) self-supply Operating Reserves Services; or (iii) cease self-supply or third party supply of Operating Reserve Services and designate BPA Transmission Services as the Operating Reserve Services provider. Powerex requests that BPA consider providing customers with the opportunity for a mid-rate case election window, allowing for a choice of the three options on an annual basis.

Transmission Service's Response

Rate periods are on a two year basis, therefore elections are also on the same two year cycle. Providing a mid-period election creates a cost recovery risk for the agency because it creates a mismatch between the income the agency receives and the amounts rates were established to recover. A customer that elects to self-supply for a rate period may change to a different non-BPA supplier once mid-rate period.

Using Resources in Another Control Area - Powerex notes that Section A, which sets out the general criteria, provides that if a customer chooses to self-supply or third-party supply its Operating Reserve Services, the resource(s) supplying such services must respond to "automated signals sent from BPA's Control Area calling upon the resource(s), and an observable response must occur." Similarly, Section B.4 provides that the customer may use a resource in another control area to supply Operating Reserve Services, provided that "the resource's deployment signal is automated and that BPA Transmission Services can observe a distinct measurable response."

Section B.3.d states that customers are responsible for the costs associated with the placement of the required communications and control equipment and systems. In this regard, the business practice refers to dynamic schedules and states that if the provision for dynamic schedules of the resource by BPA Transmission Services do not exist, the infrastructure may take more than a year to put in place.

As Powerex reads the business practice in its totality, we believe that BPA is not necessarily referring to dynamic transfer capability, or a dynamic e-Tag, when it describes the technical requirements that must be met for a customer to use a resource in another control area. Instead, we believe that the business practice is referring more generally to the technical capability to deliver an automated request for reserve deployment and an automated verification of deployment and delivery. The reference to "dynamic schedule" in the document appears to refer to a schedule that can be automatically deployed and measured, or a schedule that may change mid-hour.

As a result, it is Powerex's assumption that, provided the communication protocols between BPA and a source balancing authority area meet BPA's technical requirements as described in the business practice, the e-Tag does not necessarily have to be dynamic, and a capacity tag could be used for the self-supply and third party supply of Operating Reserves from another control area. We believe that our understanding is consistent with the implementation of the self-supply of operating reserves and the On Demand Business Practice.

We'd appreciate it if BPA could confirm our understanding is correct. If it is not, Powerex requests that BPA include additional detail in the Business Practice articulating the operational requirements (tagging, communications, etc.) required for self-supply and third party supply of Operating Reserves from another control area.

Transmission Service's Response

To self or third party supply Operating Reserves, the e-tag does not have to be a dynamic e-tag, but must be a dynamic schedule to provide an automated response as described below. It can't be a Capacity type tag. Capacity tags are used to purchase or sell reserves between control areas. This use is covered in the On Demand Resource Scheduling BP which only allows one change in schedule per hour unless part of a Reserve Sharing Agreement.

For the Dynamic Schedule, BPA follows the NWPP RSG approved methodology for scheduling ATF on Normal tag types with adjacent BA's for BPA customers that are self-supplying Operating Reserves. For Customers who choose to self-supply, BPA will send a signal similar in nature to the dynamic transfer signal to activate the Reserves. The amount called on may change multiple times during the event if the amount of the contingency is adjusted.