



Your Northwest renewables utility

March 2, 2015

Submitted via email: techforum@bpa.gov

Bonneville Power Administration
905 NE 11th Avenue
Portland, OR 97232

Re: Comments of Snohomish County PUD No. 1 on Requesting Transmission Service, Version 24
Business Practice

As part of Version 24 of the Requesting Transmission Service business practice, BPA proposes to change the methodology in Section H to include the ability for NT short term firm (STF) requests to be shaped according to their increment (Monthly NT Service being shaped in monthly increments, etc). Under this new version, PTP continues to be disallowed from making a shaped STF request outside of the hourly increment.

Snohomish has no objection to NT service being allowed to shape their STF requests within their respective service increments. However, Snohomish would like BPA to consider adding this functionality for PTP customers.

Transmission System Efficiency and Benefit to PTP Customers

While Snohomish understands that the primary drivers behind allowing NT customers to submit shaped STF requests are to help comport with NITS and Preemption and Competition standards, there is also a benefit to overall system efficiency. When customers needing something other than a flat reservation request transmission service, the ability to create a shaped request is superior to a flat request, as the customer is not encumbering transmission capacity that they do not need. This benefits both the customer and BPA as it efficiently allocates capacity to those who need it on the transmission system. PTP customers should be able to take advantage of this efficiency as well as NT customers.

Additionally, PTP customers face business needs that occasionally require non-flat reservations. The ability to submit singular reservations, rather than the current practice of "layering" reservations on top of each other both meets the business need of PTP customers and simplifies the reservation dynamic for both the customer and BPA. PTP customers already are able to shape their reservations in the Hourly Firm increment which provides great value; BPA should extend that value to the other service increments.

Potential NT Scheduling Advantage

If NT is granted the ability to submit shaped STF schedules, a possible inequity arises regarding the timing of requests; NT customers would be able to secure needed capacity prior to a PTP customer, unless that PTP customer pays a premium through the purchase of unneeded capacity. This scenario is

described below. Also, please refer to the attached Excel spreadsheet (Attachment 1) which provides a visual representation.

While this example holds true for any service increment, assume a customer has a business need for two weeks of capacity, at the weekly service increment. The capacity needed in the first week is less than the capacity needed in the second week (assume 25 MW and 50 MW, respectively). The lead time allowed for a weekly reservation is two weeks (14 days). A customer who is allowed to submit a shaped request can submit a request for both weeks, requesting 25 MW in the first and 50 MW in the second; provided this capacity is available, the request will be granted.

For a customer who is *not* allowed to submit shaped requests, two options are available:

- 1) Two weeks prior to the start of the first week, the customer may submit a flat 50 MW request for both weeks. In this case, the customer is both paying for and encumbering 25 MW of capacity that they do not need in the first week.
- 2) Two weeks prior to the start of the first week, the customer would submit a flat request for 25 MW for both weeks, then wait 7 days to request an additional 25 MW flat schedule for the second week. The customer cannot make these requests at the same time as they request a reservation with differing start dates, and therefore differing reservation windows. The first week could be scheduled immediately, but because the customer is 21 days prior to the start of the second week, they must wait until the scheduling reservation window for that time period is open.

These two options present a dilemma for the customer who cannot submit shaped requests. They must either pay a premium in the form of unneeded capacity to secure the reservation at their first opportunity, or they must wait to secure the second portion of their needed capacity which could be encumbered in the interim time period by a customer able to submit shaped requests. Under current Business Practices, this dilemma does not exist as neither NT nor PTP customers can submit shaped STF requests and are on equal footing. However, if NT customers are allowed to shape their requests while PTP is not, NT customers potentially have earlier access to the second week's capacity, unless the PTP customer pays a premium and purchases capacity they do not need.

No Potential for Gaming

Snohomish does not see shaped PTP requests as presenting an opportunity for "gaming." One commonly cited example of possible gaming is within the context of the Preemption and Competition process. It is generally accepted that if PTP requests could be shaped and participate in the Preemption and Competition process, there is the possibility that requests could be tailored to cause unfair competitions or preempt reservations in a predatory manner. However, under current BPA standards, and proposed Preemption and Competition standards under consideration at the North American Energy Standards Board (NAESB), any shaped PTP request would not be considered a challenger. This completely prevents shaped PTP requests from gaming Preemption and Competition as they will not participate in the process as a challenger.

Essentially, if PTP customers are allowed to submit shaped requests, they would be presented with a choice regarding Competition: either submit a flat request and be considered an eligible challenger, or submit a shaped request and forego the possibility of competition.

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Conclusion

As BPA considers adding shaped requests for Short Term Firm for NT customers, Snohomish believes that PTP should be allowed to make similar requests. It serves similar purposes, improves transmission system efficiency and has no identifiable drawbacks. Thank you for this opportunity to submit comments and we look forward to working with BPA to help facilitate these Business Practice changes.

Sincerely,



Ian Hunter
Transmission Policy Analyst
Power, Rates, and Transmission Management



The NT Customer above has the ability to submit a shaped request as depicted. This could apply to any of the STF Products, but the examples are based off of Weekly service increments.

If a PTP customer needed the exact same shape, they have two options.

- 1) Submit a flat request equating to the MW capacity they needed for Interval 2, therefore purchasing unneeded capacity in Interval 1, and essentially having to pay 2x the cost for the incremental capacity that was needed in Interval 2.
- 2) Submit a flat request for the base capacity needed across Intervals 1 and 2. Then submit a second request for the additional capacity needed in Interval 2. The PTP customer cannot submit TSR 2 until they enter the max lead time window, so would therefore run the risk of the incremental ATC no longer being available.

