



Transmission Services

Transmission Service Request (TSR) Study Procedures, V1

Data Exhibit: PTP, Version 1

Data Exhibit: NT, Version 1

Response to Customer Comments

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This document contains the Transmission Customer comments and Transmission Services' response to those comments for the TSR Study Procedures, Version 1, Business Practice posted for review from April 16, 2013 through April 26, 2013.

Thank you for your comments.

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Preface to the Response to Customer Comments

Many of the comments received from customers in response to the TSR Study Procedures Business Practice relate to the underlying principles that form the basis for both the business practice language and the associated data exhibits and informational requirements that BPAT will require for participation in either an individual System Impact Study or a Cluster Study. Specifically, some customers raise concerns about the requirement for customers to provide the location of the generating facility and the load ultimately served and how that may impact the underlying business model in which they participate. In order to address these concerns, BPAT will respond to these comments collectively, as opposed to on a customer-by-customer basis.

Transmission Services' Preface to Customer Comments:

In 1997, FERC stated that “[s]ource and sink information is important for determining the impact of a proposed transaction on the transmission grid.” *Open Access Same-time Information System and Standards of Conduct*, 80 FERC P 61047 (1997). In 2000, FERC reiterated the importance of providing source and sink information as part of a long term firm transmission service request. In 2000, FERC approved a requirement that a transmission service request must provide a source that is a specific generator and a sink that is a specific load, even though Entergy had required less specific information in the past. *Entergy Services, Inc.*, 92 FERC P 61108. Entergy explained that these restrictions “would properly prohibit the designation of fictitious source and sink information on OASIS reservations and schedules, thus improving reliability and congestion management.” FERC concluded:

Transmission providers are afforded some discretion in source and sink matters relating to information disclosure, including requiring customers to reveal the respective bus bars of the particular generators and loads as a part of a complete request for transmission service. In affording this discretion, the Commission recognized that some transmission providers may choose to require only control area identification while others may choose to require specific bus bar information provided they do not discriminate.

The Order 890 *pro forma* OATT, as well as BPA's OATT, includes the following in the requirements for a Completed Application for transmission service: “the location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately serviced by the capacity and energy transmitted.”

In 2009, FERC responded to BPA Transmission's (BPAT) proposal to require NOS cluster study participants to provide source information and, if available, sink information. Over some objections, FERC approved the inclusion of the requirement in Bonneville's NOS procedures “because with source and sink information Bonneville can perform a better cluster study of the Open Season requests and better identify those facilities, if any, that need to be built and what service can be provided at embedded cost rates.”

In the 2009 NOS, BPAT did not require transmission service requests to provide ultimate sink information in order to be included in the cluster study. Prior to that, BPAT did not require information about either the generating source or the load sink. The TSR data requirements flexibilities were developed based on BPAT's ability to model the balance of generation and load to determine where and the scope of transmission expansion facilities that may be required on the network to provide firm service. BPAT used assumptions on system load, exports, and regional generating resources displaced to achieve this balance; however, the

three NOS processes (2008-2010) created an additional 9,000+ MW of new transmission rights across its network, most of which were associated with new generation.

The increased use of the transmission system and the numerous requests for more service have exhausted BPAT's ability to employ the planning assumptions previously used to offset the uncertainties that followed from not requiring that information. Continuing to be lenient about requiring the ultimate resources and loads behind the requests for service places an increased risk on existing transmission customers and ratepayers of having their service degraded or incurring obligations to pick up the costs of inappropriate system expansion. BPAT has now decided to require this information, as allowed under section 17.2 and 29.2 of BPA's Open Access Tariff (OATT) and consistent with FERC guidance, in order to produce better studies and support more informed decisions with respect to use of available capacity, the need for and location of new infrastructure, and the justification for rolling in expansion costs or charging incremental rates.

In adopting the requirement to provide additional information associated with requests for transmission service, BPAT wants to reinforce the following facts:

- BPAT is not requiring requestors of service to have a Power Purchase Agreement between Delivering and Receiving parties; rather, BPAT is emphasizing that it will require provision of information allowed under the tariff.
- In the event that adequate source and sink information is not provided, BPAT will arrange for a consultation with the customer in order to determine whether other study parameters can be employed to reduce the uncertainty to an equal extent. BPAT reserves the right to DECLINE the TSR in the event that an accommodation cannot be reached.
- BPAT is not proposing to limit any party's right to request changes in transmission service under the tariff upon its award, subject to BPAT's ability to accommodate requests for changes to a customer's transmission service.
- Finally, BPAT would like to reinforce that requiring the source and sink information is necessary to enable the upcoming Cluster Study and restart the Network Open Season (NOS) process as a whole as soon as possible, which Customers have indicated is important. As BPAT develops procedures for conducting future queue management studies, it will continue to work collaboratively on a regional level in considering alternative solutions to this issue.

1. Invenergy, LLC

Invenergy appreciates the opportunity to comment on the Transmission Service Request (TSR) Study Procedures Business Practice. Invenergy has participated in the Network Open Season ("NOS") reform process and has previously submitted comments on the proposal. We commend BPA for taking the necessary steps to restart the NOS process; however, we are extremely concerned with BPA's newly created requirements that effectively prevent independent power producers ("IPPs") from obtaining transmission service to competitively participate in the Northwest energy market.

In order for IPPs to operate they must be able to deliver their power either through market sales (at a hub) or through a bilateral agreement (PPA) with an off-taker. Selling power at a

market hub requires the IPP to secure transmission to that hub where they can transact with load. Due to the various potential buyers of an IPP's energy it is neither feasible for the IPP to submit accompanying TSRs from a market hub to potential customers, nor is it economical for BPA to model and build the resulting transmission. If the IPP were to submit such TSRs from the hub to all potential customers it would result in a significant overbuild of transmission. BPA's proposal to withdraw a TSR which specifies a POD as a market hub in the customer's accompanying Data Exhibit effectively shuts the door on the IPPs ability to deliver its energy to the market.

Further, BPA's proposal inhibits an IPP's ability to sell power through a PPA. BPA's definition of a complete Data Exhibit effectively requires an IPP to have secured a PPA in order to obtain transmission service. However, utility RFP evaluations place a significant weight on whether the bidder has secured transmission service. If the bidder is unable to demonstrate secured transmission it severely handicaps their bid, thus making it extremely difficult if not impossible to win a RFP. Therefore, intentionally or not, BPA is effectively blocking IPPs from being able to compete and ultimately win a PPA.

BPA's proposed modifications to the requirements surrounding TSR Data Exhibits are discriminatory towards IPPs. This is a significant departure from BPA's historic policy and practice where BPA did not disqualify a TSR on grounds that the requestor did not specify an ultimate source and ultimate sink. We believe BPA's actions are an attempt to curtail competition in its market and undermine the IPP business model. We strongly oppose BPA's proposal and see it as contrary to the concept of open access established by FERC. We strongly urge BPA to reconsider.

Transmission Service's Response

BPAT appreciates Invenenergy's comments on the TSR Study Procedures Business Practice and associated Data Exhibits. BPAT understands the concern that generation developers and independent power producers (IPPs) have with respect to the information requirements for TSR inclusion in the upcoming Cluster Study. Please refer to the Preface to the Response to Customer Comments for additional clarity on why BPAT intends to require the information for participating in a study.

2. Elcon Associates, Inc.

In regards to the BPA Transmission Service Request (TSR) Study Procedures Business Practice, I have the following comments:

A. Sink Designation

I am concerned about the PTP and NT Data Exhibit requirements, especially with providing the POR ultimate sink. I understand BPAs need to have this information to model the TSR correctly in either the Individual study or Cluster Study. However, most new projects and seeking transmission do not know who the ultimate sink will be. They will submit requests based on where they believe they may be able to get a PPA and will provide a possible sink at the POD requested.

The question that BPA does not answer in this BP is how BPA will evaluate the Data Exhibit, and the required information provided, and what meets BPA's requirements. Will BPA accept a Sink at a load Sink such as PGE, as an example, if that customer requesting the transmission does not have a PPA with PGE? I believe it has to accept the data as

provided as a legitimate TSR under BPA's Tariff and FERC's Open Access Policy and provide a study agreement.

The Data Exhibit should not be rejected and the TSR Declined for this type of condition.

The same holds for requests NW Hub and Mid-C that require a Second leg out of the NW Hub as part of the Data Exhibit. If a legitimate potential TSR or TSA is identified, BPA should accept this as meeting the requirements to proceed with issuing a study agreement. BPA should also look at matching TSRs that go into and out of the NW Hub as another option.

Transmission Services' Response

BPAT appreciates Elcon Associates' comments with respect to the TSR Study Procedures Business Practice and the related Data Exhibits. BPAT understands the concern that generation developers have with respect to the information requirements for TSR inclusion in the upcoming Cluster Study. Please refer to the Preface to the Response to Customer Comments for additional clarity on why BPAT intends to require the information for participating in a study.

BPAT intends to accept the source (location of the generating facility) and sink (location of the load ultimately served) that Customers provide for purposes of performing the 2013 Cluster Study, consistent with sections 17.2 and 29.2 of BPA's OATT and FERC's *pro forma* tariff. BPA is not requiring customers to provide a PPA as demonstration of location of the load ultimately served. Similarly, BPAT will accept a second leg into or out of the NW Hub as part of the Data Exhibit (frequently referred to as a companion leg), to the extent that it provides either the location of the generating facility or the location of the load ultimately served. BPAT does not seek to require any information that is not included in sections 17.2 and 29.2 of BPA's OATT and FERC's *pro forma* tariff.

B. Cluster Restudy

BPA covers in this BP who pays the cost if a party drops out during the Cluster Study and a restudy is required. It does not cover who pays for a Restudy as a result of Parties not signing a PTSA or ESA. My understanding is BPA is proposing to cover those costs. These should be included in the BP.

Transmission Services' Response

BPA appreciates Elcon Associates' comment regarding inclusion of clarifying language with respect to re-study costs for events in which Customers do not proceed with an identified plan of service identified as part of the Cluster Study. BPA would like to clarify that all of the cost responsibilities that are required for the Customer to participate in the 2013 Cluster Study are described in the TSR Study Procedures Business Practice and the draft Cluster Study Agreement, which can be found at the following link:
http://transmission.bpa.gov/customer_forums/nos_gi_reform/cluster_study_agreement.pdf

To clarify, BPA will not require Customers to be financially responsible for any costs that are not described in either the TSR Study Procedure Business Practice or contained in the Cluster Study Agreement for the 2013 Cluster Study.

3. Powerex

As we indicated previously, Powerex is concerned about the requirement and purpose of the ultimate source and sink requirements. Although we are sympathetic to BPA Planners' need to have sufficient information to conduct their studies, we believe it's important to keep in mind that long term transmission service is used for a variety of purposes. Although it may be purchased to connect a specific generator with a specific load, it may also be purchased by customers that participate in energy markets where the ultimate source or sink for deliveries on the transmission is not determined until it is scheduled pursuant to final day ahead and/or real-time trading activities.

It is also important to recognize that participants are not required to use their transmission rights, including those acquired in the NOS, only for specific sources and sinks. The source and sink information that customers provide to BPA may not, in fact, reflect the actual usage of the transmission after it has been awarded. Instead, consistent with the OATT, transmission customers may use their transmission rights from any source delivered to the POR of the transmission contract, and to any sink delivered from the POD of the transmission contract. This means that the actual usage of the system will not necessarily mirror the ultimate source and sink information the customer provided when it applied for service.

Practically-speaking, therefore, while the ultimate source and sink information provided by customers is of some value to BPA planners, BPA planners still need to take into account the actual potential usage of the system when they conduct their studies.

As Powerex indicated previously, we will provide ultimate sink and ultimate source information when it is available and, for modeling purposes, are willing to designate a nominal source and sink and provide that information in other instances.

Transmission Services' Response

BPAT appreciates Powerex's comments with respect to the information requirements for participating in the upcoming Cluster Study, and agrees that often times the real-time use of the transmission system may be different than the source and sink of the long-term TSR. However, the short-term arrangements and scheduling practices that Customers elect to use will be governed and facilitated through the actual availability of capacity in the short-term. The short-term arrangements made by Customers do not obviate the need for source and sink information necessary to perform as accurate of a study as possible to identify the necessary and right-sized system upgrades or plans of service to meet future load and resource mixes.

4. Gaelectric

- A. **Interference with the 2010 NOS Process:** Of greatest concern to Gaelectric is that the 2013 NOS process may interfere with progress on the 2010 NOS process. The 2010 NOS process was supposed to conclude at the end of May, 2011. It was extended for good reason, but that extension was not supposed to exceed 3-6 months. Twenty three months later, the process remains incomplete despite all of the unknowns identified by Bonneville in its May 31, 2011 letter having been resolved and public announcements by Bonneville staff that the M2W project would proceed at rolled in rates. It is troubling to Gaelectric, to say the least, that Bonneville staff now plans to embark on a new open season process without having concluded the existing process,

which was conducted under completely different rules that never contemplated simultaneous processes.

Transmission Services' Response

BPAT appreciates Gaelectric's comments with respect to the relationship between the 2010 NOS process and the upcoming NOS re-start. BPAT would like to clarify that these two processes are not related. The reformed NOS process will only apply to new plans of service identified to meet the needs of new TSRs through future Cluster Studies.

- B. **The 2013 NOS is an exercise in market manipulation:** Throughout the NOS reform effort and discussions related to the forthcoming 2013 NOS process, it has been made clear that customers seeking supply alternatives, whether renewable or otherwise, require firm transmission to be in place prior to making commitments. Consequently, it is virtually impossible for developers to obtain PPA commitments without firm transmission. While acknowledging these concerns, Bonneville staff has blatantly declared that its intent in the reform effort in general and the 2013 process in particular is to "change the market" by forcing policy that ignores these issues. This is nothing less than an intentional effort to manipulate the market through BPA's open access transmission processes. One of the major underlying reasons for FERC's Order 888 was to stop transmission owners from influencing the market through their transmission access processes. In every respect, from mandating a PPA or verifying commercial discussions to requiring a precise sink recipient, Bonneville's leadership in transmission reform following its original NOS process has evaporated, and it has devolved into the equivalent of a pre-Order 888 transmission operator intentionally using its transmission system to control the market.

Transmission Services' Response

BPAT appreciates Gaelectric's comments on the TSR Study Procedures Business Practice and associated Data Exhibits. BPAT understands the concern that generation developers have with respect to the information requirements for TSR inclusion in the upcoming Cluster Study. Please refer to the Preface to the Response to Customer Comments for additional clarity on why BPAT intends to require the information for participating in a study.

- C. **Conclusion:** Bonneville's NOS reform effort has regressed from largely unnecessary to blatantly misguided. It would be in everyone's interest for Bonneville to recognize this fact, regroup, and try again.

Transmission Services' Response

BPAT understands Gaelectric's concerns regarding the NOS Reform effort; however, BPAT disagrees that the reformed open season process is misguided or otherwise inappropriate. BPAT has attempted to reform the general requirements for expanding its transmission system in a way that continues to provide significant benefits to participating customers relative to the non-NOS expansion process, such as by providing rolled-in rate treatment and paying for environmental studies related to NOS expansion projects on behalf of participating customers.

5. Northern Wasco County PUD

Northern Wasco County PUD has no problems with the proposed specificity requested in the Cluster Study process. As an NT customer that pays a fixed portion of the BPAT revenue requirement, it is in our interest that all transmission customers and their requests be scrutinized for accurate representation of the requests in BPA's planning process. Too much flexibility in POR and POD specifications results in less accuracy in planning and potential overbuilding. While some market interests may object, they must recognize that real costs are assigned to the embedded customers of BPA based on planning decisions. It is improper to expect BPA to gold-plate its transmission system just to enable market flexibility. This proposal is not market manipulation, it is prudent planning.

Transmission Services' Response

BPAT appreciates Northern Wasco County PUD's comments on the TSR Study Procedures Business Practice and associated Data Exhibits.

6. Northwest & Intermountain Power Producers Coalition

The Northwest & Intermountain Power Producers Coalition (NIPPC) urges reconsideration of a key element in your proposed redesign of the Network Open Season (NOS) process.

The stated requirement for a generator to link its TSR to a specific "ultimate load" will make it impossible for IPPs to participate in a future BPA transmission expansion programs under NOS.

While the overall revisions you have crafted to the NOS program are by and large constructive, the requirement to specify a sink spelled out in the TSR Data Exhibits is prejudicial to IPPs. The success of projects that IPPs under development are contingent on them securing power purchase agreements (PPAs). Until the off-taker(s) are under contract, an IPP cannot commit to a specific sink. Meanwhile, IPPs with generating assets are similarly constrained by this Catch 22 as they arrange for power sales with potential off-takers.

BPA can avoid implementing this discriminatory practice by reinstating its current NOS policy that does not require specification of a sink for delivered power.

NIPPC is perplexed why Bonneville would insist on adopting a policy that self-evidently runs contrary to the established principles of Open Access. We sincerely hope that you will reinstate the current policy and thereby enable IPP participation in transmission expansion projects.

Transmission Services' Response

BPAT appreciates the Northwest & Intermountain Power Producers Coalition's (NIPPC) comments regarding the TSR information requirements for participation in the Cluster Study. BPAT understands the concern that generation developers and IPPs have with respect to the information requirements for TSR inclusion in the upcoming Cluster Study. Please refer to the Preface to the Response to Customer Comments for additional clarity on why BPAT intends to require the information for participating in a study.

7. TransAlta

- A. TransAlta's comments on BPA's draft TSR Study Procedures Business Practice ("BP") are focused on Data Exhibits that would be required to accompany requests if the BP is implemented.

Generally, TransAlta agrees that customers should be provided as much detailed information as possible about the service being requested, such as source and sink, so BPA staff can study impacts as accurately as possible. The information is important for study purposes, but in cannot form the bases of removing the TSR from the queue and cannot be used to deny service.

Transmission Services' Response

BPAT appreciates TransAlta's comments regarding the TSR Study Procedures Business Practice and associated Data Exhibits. BPAT understands the concern that generation developers and IPPs have with respect to the information requirements for TSR inclusion in the upcoming Cluster Study. Please refer to the Preface to the Response to Customer Comments for additional clarity on the process by which BPAT will evaluate the TSRs that require a System Impact Study.

B. Data Exhibit Impacts

- A. TransAlta echoes two concerns that have already been described in earlier NOS Reform meeting and comments.

a. Transmission is purchased by customers who participate in energy markets and use the capacity with a variety of sources and sinks that are not confirmed until day-ahead and real-time timeframes. This type of use has been fundamental to transmission service since the inception of Open Access and it will be denied if BPAT implements the Data Exhibit as proposed.

Alternate Solution

For the reasons described below, TransAlta requests a global edit to the Transmission Service Request Data Exhibit as follow: In all instances that refer to missing required information delete the text "shall result in the TSR being DECLINED" and replace with "shall result in a scoping meeting between the Customer and BPAT to establish appropriate study parameters for the TSR".

Denying TSRs that do not satisfactorily demonstrate the ultimate load will put many Point-to-Point customers in an untenable and paradoxical situation: A Power Purchases Agreement ("PPA") will be necessary to verify a TSR's sink, while at the same time successfully negotiating a PPA can and often does required *a studied or awarded TSR*. BPAT cannot implement a policy that forces transmission customers into this contradictory position.

Transmission Services' Response

BPAT appreciates TransAlta's comments on the TSR Study Procedures Business Practice and associated Data Exhibits. BPAT understands the concern that certain customers have with respect to the information requirements for TSR inclusion in the upcoming Cluster Study. Please refer to the Preface to the Response to Customer Comments for additional clarity on why BPAT intends to require the information for participating in a study. In the event that adequate source and sink information is not provided, BPA

accepts TransAlta's suggestion that BPAT arrange for a consultation with the customer in order to determine whether other study parameters can be employed to reduce the uncertainty to an equal extent. BPA reserves the right to DECLINE the TSR in the event that an accommodation cannot be reached. Further, we reiterate that BPAT will not require customers to provide an executed PPA as a demonstration of the location of the TSR's sink.

- C. The provision of transmission service is based on the Points of Receipt and Delivery ("POR" and "POD", respectively). These key parameters are not superseded by source or sink as Section 1 and 2 of the proposed Data Exhibit implies. A TSR's dependency on POR and POD, not source and sink, is highlighted in Section 22.2 of BPAT's Open Access Transmission Tariff ("OATT") where material changes---that require the customer to start over with a new TSSR---are described as modification to POR and POD.

Transmission Services' Response

Changes to PORs and PODs under Section 22.2 of the OATT require "a new request for service in accordance with Section 17" which includes Section 17.2(iv).

- D. TransAlta has serious concern about the Data Exhibit's references to "ultimate load" and BPAT's validation process as described during the April 12, 2013 Cluster Study Eligibility Requirements meeting.

TransAlta contends that the validation process could involve confidentiality issues and conflicts of interest. For example, say the ultimate load is an industrial customer seeking direct access power. When validating Section 2.a of the Data Exhibit, who is BPAT going to question about displaced generation, the entity that could lose a power customer? The proposed Data Exhibit validation process is flawed and must be corrected to prevent third parties from having any influence over a TSR's fate.

In cases where the POD is an interface between BPAT and an adjacent Balancing Area Authority ("BAA") BPAT is extending its responsibility to study system impacts beyond its own BAA.

TransAlta supports a requirement for customers to provide detailed information about how transmission capacity will be used, but the proposed Data Exhibit and consequences are not the way to get it.

Transmission Services' Response

BPAT confirms that source and sink information received through the Data Exhibits will be treated as confidential, consistent with section 17.2(iv) of BPA's OATT.

By requiring detailed information about the ultimate resource and ultimate load associated with TSR's, BPA is specifically not seeking to extend its responsibility to study system impacts beyond its own network. Even if BPA does not require the additional information, BPA must still account for impacts on neighboring utility systems due to requests for service. Having the required information allows BPA to better assess those impacts.

On the BPA network, a BAA to BAA interconnection may have multiple points of interconnection; additionally, there are also points on the BPA network where more than one BAA interconnects with BPA. By requiring the information in the TSR Data Exhibit, BPA is seeking clarity as to the identity and location of the generating facility supplying the capacity and energy and the location of the load ultimately served by

the capacity and energy transmitted. With that information BPA will be able to better assess the capability of existing facilities, or determine facilities required to reliably receive, or deliver, the energy associated with each long term transmission service request.

8. Snohomish PUD

Just a few questions on submitting a request for the Cluster Study:

- A. Can the PTP request to be included in the study be a *Redirect*? Or does it have to be a new Original request?

Transmission Services' Response

Yes, the PTP request to be included in the Cluster Study can be a redirect of a parent reservation. There are no requirements that the request must be a new Original request. The eligibility requirements for transmission requests are listed in the "Eligibility" section of the Advance Notice posted to BPA's OASIS and the NOS/GI Reform webpage and can be viewed at the following link:

http://transmission.bpa.gov/business/notice_attachments/cluster_study_advance_notice_042613.pdf

- B. Are there any requirements on the Start Date of the request? i.e. Does it need to start on a date in a future year, or after the cluster study commences in September?

Transmission Services' Response

There are no requirements or restrictions on the Start Date of the request.

- C. Where can the required PTP data exhibit form be located?

Transmission Services' Response

The PTP data exhibit can be located in the "Forms" section following section C of the TSR Study Procedures Business Practice. Alternatively, a Customer can also contact its Account Executive if it needs access to a data exhibit.