

August 22, 2012

VIA EMAIL

Tech Forum
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Re: Business Practice “Customer Supplied Wind Balancing Services Pilot Program,” Version 3

NRU appreciates the opportunity to submit the following comments on the Bonneville Power Administration’s (“BPA”) Business Practices for Customer Supplied Wind Balancing Service (“CSGI”) Pilot Program, Version 3. NRU strongly supports BPA’s efforts to give wind plants the opportunity to self-supply balancing services. NRU is hopeful that the CSGI Pilot Program can reduce BPA’s obligation to hold capacity for balancing reserves and provide an opportunity for customers to lower their costs. However, it is important to develop appropriate parameters for the CSGI program to ensure that it meets these two goals.

In order to for the CSGI program to reduce the amount of balancing reserves BPA must provide as the balancing authority, a customer choosing to self-supply must secure sufficient capacity in order to provide the balancing energy used by the customer. If a self-supplying customer does not provide sufficient capacity, then there is no guarantee that the customer will be able to supply the energy that is needed to balance in any given hour. Without this guarantee, BPA, as the balancing authority, will still need to hold capacity to provide balancing energy in the event the self-supplying customer cannot, and if BPA is holding capacity, the self-supplying customer will be obligated to pay for it. Clearly, the purpose of the CSGI program is defeated if there is no reduction in BPA’s obligation to hold capacity and the self-supplying customer is not lowering its costs because its obligated to pay for that capacity anyway.

NRU, therefore, supports BPA’s eligibility requirement in the proposed business practice that energy purchased from a market must be backed by capacity.¹ This requirement appropriately allocates the risks and costs of procuring self-supplied balancing reserves. In order to protect the reliability of the system and ensure there are no stranded costs from reserving capacity from the federal system, customers should be required to secure capacity in order to back up market purchases made for self-supply.

Thank you for the opportunity to comment. Please don’t hesitate to contact us with any questions you have about these comments.

¹ The Customer Supplied Wind Balancing Services Pilot Program, Version 3, Business Practice § A(1)(h).