



Transmission Services

Conditional Firm Inventory, Version 4

Response to Customer Comments

Posted: June 22, 2012

This document contains the Transmission Customer comments and Transmission Services' response to those comments for the Conditional Firm Inventory, Version 4, Business Practice posted for review from May 1, 2012 through May 25, 2012.

Thank you for your comments.

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1. Powerex

- A. To prevent the possibility of future curtailment to any firm transmission rights holders, Powerex strongly opposes any firm or conditional firm ATC calculation that inherently relies on retrospective unused firm transmission rights.

Powerex remains concerned that BPA is using the historical capacity usage of flow gates to calculate its conditional firm inventory for each tier of service. Actual firm transmission capacity rights sold should also be included as part of the assessment. By focusing on historic flows to determine capacity available for conditional firm (CF) service, BPA risks the oversubscription of a line if a firm customer increases their utilization rate, or perhaps resells their firm rights to another participant who subsequently increases utilization on the respective Transmission Service Agreement.

Powerex is concerned that existing firm rights-holders may be impacted if BPA inadvertently over-sells CF service. Given that BPA has been selling CF service for a relatively short amount of time, it may be premature to be adding a third tier of CF service at this time. Powerex suggests that BPA hold off on additional CF inventory until such time as BPA has sufficient data to ascertain the potential impact of the CF product on existing firm customers.

Transmission Service's Response

Thank you for responding to BPA's draft business practice for Conditional Firm Inventory. BPA feels that the existing firm rights-holders are protected from curtailments of Conditional Firm service in four ways:

1. Curtailments will reduce the non-firm transmission and Conditional Firm transmission rights to zero, prior to curtailing firm transmission.
2. BPA's historical data includes non-firm transmission used at each flowgate, which will be curtailed prior to Conditional Firm service, to further create a conservative value for the Conditional Firm Inventory.

3. BPA's Conditional Firm Inventory has an adjustment for firm transmission with future start dates to take into account both past and future uses of the Federal Transmission System.

4. BPA calculates an amount of Conditional Firm Inventory for a given number of hours of curtailment (e.g. 300 hours) but makes actual Conditional Firm offers that generally have twice that many hours of conditional curtailment (e.g. 600 hours).

BPA's Conditional Firm product has been in use for three years and firm service has not been affected. In fact, BPA has not yet curtailed the Conditional Firm product. FERC's Order 890 requires a Transmission Provider (TP) to make Conditional Firm available unless doing so impacts the reliability of the TP's system. BPA does not see any reliability impacts at this point so it will continue to offer Conditional Firm in a manner that it considers to be conservative in order to protect the firm rights-holders.

- B. Powerex also seeks clarification on section D3. Could BPA please explain the decision to use 300 hours as the threshold in its calculation of as opposed to another number of hours?

Transmission Service's Response

The 300 hour value for the Conditional Firm Inventory is expected to provide sufficient Inventory to continue to make offers for the next one to two years. This will provide a short enough horizon for BPA to consider whether additional offers of Conditional Firm would result in a reliability issue.