



## Transmission Services

---

### Dispatchable Energy Resource Balancing Service (DERBS) Version 1

#### Response to Customer Comments

Posted: October 18, 2011

This document contains the Transmission Customer comments and Transmission Services' response to those comments for the Dispatchable Energy Resource Balancing Service (DERBS) V1, Business Practice posted for review from September 9, 2011 through September 23, 2011.

Thank you for your comments.

---

#### Table of Contents

1. Puget Sound Energy, Inc. ....	2
2. Snohomish County PUD.....	4
3. TransAlta .....	4
4. Industrial Customers of Northwest Utilities (ICNU).....	6

---

---

## 1. Puget Sound Energy, Inc.

---

- A. By this letter, Puget Sound Energy, Inc. (“PSE”) comments on the draft Version 1 of the Dispatchable Energy Resource Balancing Service (DERBS) Business Practice, posted by Bonneville Power Administration (“BPA”) for comment (the “Draft Business Practice”). As an initial matter, PSE notes that BPA has requested comments on ten business practices, including the Draft Business Practice, within a very tight timeframe. PSE understands the desire to have the business practices in place prior to the October 1, 2011, start of the fiscal year, but the timeframes allowed by BPA do not allow sufficient time to analyze, discuss, or comment on the proposed business practices. Therefore, if BPA proceeds to implement any of these business practices, BPA should commit to reopen each of these business practices—after a few months of experience—and take comments and revise them as appropriate. PSE appreciates BPA’s efforts in drafting the Draft Business Practice and thanks BPA for the opportunity to comment and work cooperatively with BPA on these matters.

### Transmission Service’s Response

BPA appreciates that the volume of business practices out for current comment is unusually large at this time. BPA makes every effort to manage the volume of business practices to a reasonable number with appropriate timeliness. BPA has had to make changes to an unusually large number of business practices as well as create new business practices by October 1, 2011 to reflect agreements and commitments reached in our recent rate case filing and regional wind forums. BPA, as always, is willing to continue to take comments and questions on these and other business practices to consider revisions as appropriate.

BPA expects to provide updates on implementation of these business practices at upcoming Customer Forums and may schedule additional customer calls to discuss implementation and answer remaining questions.

### B. Definitions

Section A.2. of the Draft Business Practice states as follows:

Dispatchable Energy Resources are required to either purchase this service from BPA or make alternative comparable arrangements to satisfy their within-hour balancing service obligation. BPA will determine if a Customer’s proposed alternative arrangement satisfies its within-hour balancing service obligation.

Draft Business Practice at 1. The first sentence of Section A.2. above could create the incorrect inference that all Dispatchable Energy Resources must either purchase Dispatchable Energy Resource Balancing Service (“DERBS”) from BPA or make alternative comparable arrangements. Therefore, PSE proposes the following revisions to Section A.2. to clarify that only Dispatchable Energy Resources in the BPA Balancing Area Authority must either purchase DERBS from BPA or make alternative comparable arrangements:

Dispatchable Energy Resources in the BPA Balancing Authority Area are required to either purchase this service from BPA or make alternative

comparable arrangements to satisfy their within-hour balancing service obligation. BPA will determine if a Customer's proposed alternative arrangement satisfies its within-hour balancing service obligation.

The proposed revision above clarifies the applicability of DERBS and is consistent with Section A.1. of the Draft Business Practice: "DERBS is a Control Area Service that provides the generation capability to follow within-hour variations caused by Dispatchable Energy Resources in the Bonneville Power Administration (BPA) Balancing Authority Area." Draft Business Practice at 1.

### Transmission Service's Response

BPA will update the business practice to incorporate the change noted above.

#### C. DERBS Application

1. DERBS Billing Factor. Section B.1. of the Draft Business Practice states as follows:

BPA will determine the DERBS billing factor using the one-minute Station Control Error (SCE) for each resource. The SCE is the difference between the one-minute integrated metered output of the resource and the net resource schedule. The resource schedule will be adjusted for standard ramps including intrahour schedules and dispatch orders. For generation behind the meter the resource schedule is the generation estimate.

Draft Business Practice at 1. BPA should clarify Section B.1. of the Business Practice to reflect the more detailed description of DERBS billing factors contained in BPA's rate schedules. Therefore, PSE proposes the following revisions to the paragraph above:

BPA will determine the DERBS billing factor using the one-minute Station Control Error (SCE) for each resource. The SCE is the difference between the one-minute integrated metered output of the resource and the net resource schedule. The hourly billing factor for use of Incremental Reserves is the maximum of the absolute value of the one-minute average negative station control error (under-generation), including ramp periods, that exceeds 2 MW for that hour. The hourly billing factor for use of Decremental Reserves is the maximum of the one-minute average positive station control error (over-generation), including ramp periods, that exceeds 2 MW for that hour. The resource schedule will be adjusted for standard ramps including intrahour schedules and dispatch orders. For generation behind the meter the resource schedule is the generation estimate.

### Transmission Service's Response

BPA will update the business practice to say, "The hourly billing factor is based on the positive or negative station control error in excess of the dead band."

Add the following as a last sentence to the B.1, "Details can be found in the current rate schedule" with a link to the rate schedule.

2. DERBS Exemption for Resources Denied Dynamic Transfer Capability by BPA. PSE requests that BPA insert a provision in the Draft Business Practice that would exempt any resource for which a Customer has requested but has been denied the ability to dynamically transfer the output of such resource. Dynamic transfer relieves BPA's balancing obligations, and no Customer should be required to purchase DERBS from BPA if such customer has requested but has been denied the ability to dynamically transfer the output of such resource.

### Transmission Service's Response

There are many factors taken into account in the denial of a customer's ability to dynamically transfer their output. When the capability does not exist or the requested dynamic transfer would create a reliability risk on the network BPA can not approve the transfer. If a thermal generator is not dynamically transferred out of the BPA BAA, BPA's AGC will respond to any SCE experienced by that generator and that generator will be subject to the DERBS rate.

---

## 2. Snohomish County PUD

---

- A. The definition of DERBS should indicate that DERBS only applies to Non-Federal Energy Resources of 3 MW nameplate rated capacity or greater.

### Transmission Services' Response

BPA will update the business practice to say, "Any non-federal thermally-based generating resource 3 MW or greater that schedules..."

- B. Paragraph 1 under Section B. "DERBS Application" should specify that the hourly billing factor is based on the one-minute average positive or negative station control error that exceeds 2 MW.

### Transmission Service's Response

BPA will update the business practice to say, "The hourly billing factor is based on the positive or negative station control error in excess of the dead band."

Add the following as a last sentence to the B.1, "Details can be found in the current rate schedule" with a link to the rate schedule.

---

## 3. TransAlta

---

As you know, TransAlta and Calpine jointly have been very involved with DERBS since its first conceptual introduction mid 2010 through the entirety of the 2012 Rate Case where our positions are well recorded in testimony. TransAlta will not restate those here, but a key concern was that thermals will be held to a new and precise standard without a similarly precise signal and business practice. TransAlta contends that the proposed DERBS Business Practice does not meet that precise standard and BPA is inviting problems experienced by customers when the Failure-to-Comply business practice was first implemented (now in its fourth iteration). Comments on specific sections of the DERBS business practice follows:

- A. Section B.3

This section does not adequately describe the "base-point" on which BPA will measure DERBS usage. For example, does it include loss returns and Generation Imbalance payback?

### Transmission Service's Response

Base point is defined in the business practice glossary as a generator estimate which is normally held constant during the hour except during the ramp period from ten minutes before the hour to ten minutes after the hour, when plant-operating schedules for the

next hour are changed to match the plant transmission schedules. Plants used for provision of Ancillary or Control Area Services will receive more frequent adjustment to their Base point, in response to BPAT control signals.

Base point is the sum of all schedules which includes loss returns and generation imbalance paybacks.

BPA will add a link to the base point definition.

For those customers submitting generation schedules via CDE, the tool is firmly rooted in the integrated hour world and does not provide a minute-by-minute "base point", which is particularly important during ramps. Prior to DERBS and Failure-to-Comply, CDE's integrated hour format was clunky but adequate. It is outdated and inadequate now and needs a screen that can display the "base point" in real time.

### Transmission Service's Response

The application of this business practice is following the functionality and processes of the systems currently in use. Base points are provided to resources that have the GenICCP link. Resources that do not have the GenICCP link installed will need to calculate their own base points. CDE is not equipped to do so.

#### B. Section B.6-7

TransAlta suggests that the definition for Dispatch Order should be included in the text or at least accessible via a hyperlink. As BPA heard during 2012 Rate Case proceedings, customers want specific information about when DERBS will be applied and not.

### Transmission Service's Response

BPA will add a hyperlink to the definition of a dispatch order.

#### C. General Comment

As the Failure-to-Comply experience demonstrated, providing graphics and actual billing examples in a Business Practice goes a long way towards avoiding misinterpretation, costly mistakes, and grief. For examples, some customers may not realize they are subject to INC and DEC DERBS charges in the same hour when their generation crosses zero. TransAlta requests that BPA borrow from the FTC Business Practice and add similar examples.

### Transmission Service's Response

BPA will add some graphs to the business practice.

#### D. Six-Month Reviews

An aspect of DERBS' rate development was monitoring balancing capacity usage to record improvements in performance. TransAlta contends that the Business Practice should include provisions for routine analyses in INCE and DEC balancing capacity deployed by BPA, starting with the period Oct 2011 through March 2012, and repeating every six months thereafter. This date will be mutually beneficial for BPA and customers who have a shared interest in improving rate design, using less balancing reserves, and avoiding DERBS charges.

### Transmission Service's Response

BPA, as always, is willing to continue to take comments and questions on these and other business practices to consider revisions as appropriate.

BPA expects to provide updates on implementation of these business practices at upcoming Customer Forums and may schedule additional customer calls to discuss implementation and answer remaining questions.

---

## 4. Industrial Customers of Northwest Utilities (ICNU)

---

The Industrial Customers of Northwest Utilities ("ICNU") submits these comments regarding Bonneville Power Administration's ("BPA") proposed business practice for the new Dispatchable Energy Resource Balancing Service ("DERBS"). ICNU explained its strong opposition to the DERBS rate in the underlying BPA rate proceeding, and ICNU will not repeat its comments or concerns about the need for and the cost basis for the DERBS rate in these comments. Instead, ICNU's comments at this time are limited to only addressing the implementation of a business practice that is consistent with the DERBS rate adopted by BPA.

- A. ICNU recommends that the definition of the business practice be modified. The current language applies to any non-federal thermally-based generating resource, but is not limited to only those generation resources in BPA's balancing authority. The definition should be modified to only apply to those generation resources in BPA's balancing authority, which is consistent with the DERBS rate schedule.

### Transmission Service's Response

BPA will update the definition to refer to resources with the BPA Balancing Authority Area. See Puget Sound Energy comment B, above.

- B. The proposed business practice includes an overall description of the DERBS rate that appropriately states that the DERBS rate will not be charged to those resources that make alternative arrangements to satisfy their with-in hour balancing service obligation. For examples, ICNU understands that dynamic transfers of resource outside of BPA's balancing authority will be sufficient, but that BPA has not established a consistent manner of determining whether a dynamic transfer request will be approved. BPA should provide notice and clear directions to all thermal generators regarding what types of alternative arrangements will be sufficient to satisfy any alternative arrangements.

### Transmission Service's Response

BPA has not specifically detailed the types of alternative arrangements so as not to limit opportunities that could be explored and mutually agreed upon. Exceptions are noted in the rate schedule, the primary being a resource dynamically transferring its output. Specifics regarding dynamic transfers can be found under the Scheduling Transmission business practices.

- C. ICNU recommends that the "Application" section of the business practice be clarified to remove potential ambiguities. Specifically, Section B.1 states that resource schedules will be adjusted for dispatch orders, while Sections B.5-7 state that the DERBS rate will simply not apply during dispatch orders. ICNU understands that BPA intends to not apply the DERBS rate during dispatch orders, and recommends that Section B.1 be revised to be consistent with the remaining Sections of the business practice.

### Transmission Service's Response

There is a distinction between treatment of schedules and application of rates when a dispatch order is issued. When a dispatch order has been issued to a resource to operate at a different level than the schedule or generation estimate the DERBS rate will not apply even though the schedules will be adjusted.

- D. According to the DERBS rate schedules, the DERBS rate will not apply to resources smaller than 3 megawatts ("MW") and there is a 2 MW deadband for charges. ICNU recommends that these important aspects of the DERBS rate be included in the business practice to ensure consistency and prevent unnecessary confusion.

### Transmission Service's Response

A reference to the 3MW minimum will be added to the definition of DERBS. See also Snohomish County PUD comment A.

A reference to the dead band and the rate schedule will also be added to the business practice. See also Snohomish County PUD comment B.

- E. Finally, ICNU recommends that BPA hold a conference call with interested stakeholders within the next 6 months. The DERBS rate and business practice are entirely new and it is likely that there may be unexpected consequences that warrant revisions to the business practice prior to the next rate case. All impacted generators and BPA could benefit from a simple "check-in" to ensure that the business practice is being applied correctly.

### Transmission Service's Response

BPA, as always, is willing to continue to take comments and questions on these and other business practices to consider revisions as appropriate.

BPA expects to provide updates on implementation of these business practices at upcoming Customer Forums and may schedule additional customer calls to discuss implementation and answer remaining questions.