

August 10, 2012

U.S. Department of Energy  
Bonneville Power Administration  
Transmission Services  
P.O. Box 64019  
Vancouver, WA 98666-1409

Via Email: [techforum@bpa.gov](mailto:techforum@bpa.gov)

Email cc: [tltimberman@bpa.gov](mailto:tltimberman@bpa.gov)

Timberman, Toni L. (BPA) – TSE-TPP-2  
Senior Transmission Account Executive  
Bonneville Power Administration

**RE: PSE Comments on BPA’s Out-for-Comment Business Practice Entitled  
“Dynamic Transfer Capability: Requesting and Awarding Access–Pilot, Version 4”**

In this letter, Puget Sound Energy, Inc. (“PSE”) comments on BPA’s out-for-comment Business Practice Entitled “Dynamic Transfer Capability: Requesting and Awarding Access–Pilot, Version 4” (“Draft”).

**A. The Draft Should Correct the Usage of the Terms "DTC" and "VTC"; More Fundamentally the Draft's Request and Award Process, Which Is Limited to DTC, Should Be Broadened to Address VTC**

The Draft defines Dynamic Transfer Capability (“DTC”) as follows:

The capability of the transmission system to accommodate continuous ramping of a resource(s) over a pre-determined range, such that the control of the electrical output of such resources(s) can be varied from moment to moment by an entity other than the host utility/host Balancing Authority Area operator.

The Draft addresses limitations on the use of DTC to move resources out of BPA's balancing authority area ("BAA") using Dynamic Transfer.<sup>1</sup>

These comments use the term "Variable Transfer Capability" ("VTC") in place of DTC to refer to the variability that will show up on a particular path/flowgate and reflect the amount of dynamic transmission across a path/flowgate in BPA's BAA with respect to

- (i) self-supply of balancing service of a resource in BPA's BAA or
- (ii) other Variable Transfers across an interface (flowgate or path).

All loads and resources that move within hour (e.g., "NT load, CSGI, other wind facilities, hydro, thermal, but not schedules that do not vary over the operating hour"<sup>2</sup>) consume VTC. This is consistent with the findings that the WIST Dynamic Transfer Capability Task Force ("DTCTF") presented in its Phase 3 Report. This report states that (i) Variable Transfer ("VT"), measured in MWs, refers to the physical variations in actual power flows across a path / flowgate that are generally unpredictable and repetitive during a defined time period (e.g. 15 minutes) and (ii) sources of Variable Transfer include unpredictable Dynamic Transfers, intermittent resources and inadvertent (when not accounted for with a Transmission Reliability Margin ("TRM")). The analysis of paths conducted by the DTCTF recognized that the variability limits for flowgates and paths (sometimes referred to as "Transfer Variability Limits" or "TVLs") raised by variable energy resources did not depend on whether their output is

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<sup>1</sup> The definition of "Dynamic Transfer" in the Draft differs from the definition of "Dynamic Transfer" in the WIST DTCTF Phase 3 Report and in the NERC Glossary of Terms Used in NERC Reliability Standards. The intended effect, if any, of using the different definition in the Draft should be explained.

<sup>2</sup> BPA's BP-14 Transmission Pre-Rate Case workshop presentation dated June 27, 2012, at slide 15.

dynamically transferred out of a BAA, but rather depends on the paths over which the variable transfers occur.

In general, DTC is a subset of VTC – DTC is generally limited to certain dynamic transfers between BPA’s BAA and another BAA with respect to resources in BPA’s BAA, but VTC is not limited to dynamic transfers between BPA’s BAA and another BAA. As PSE has previously pointed out (*see, e.g.*, July 13, 2012 Comments of Puget Sound Energy, Inc. on Dynamic Transfer Capability (DTC) Rate Development), BPA should, in collaboration with interested stakeholders, revise BPA’s business practices and policies to address VTC and not just DTC in BPA’s BAA..

The Draft's request and award process is limited to DTC and does not extend to transmission users with variable energy resources that stay in the BPA BAA. Although PSE does not agree with BPA's determination reflected in the Draft to address DTC rather than VTC, PSE would suggest that BPA make sure that it is not using the terms from the DTCTF Phase 3 report in a manner which carries a different meaning than what the WIST DTCTF intended: For example--The use of the term variable transfer limit (“VTL”) as intended by the WIST DTCTF is inclusive of all transmission system users who create variable transfers across a flowgate/path, but the Draft appears to be using it in the context of transmission system users who engage in a BAA change or in the CSGI Pilot. For clarity, BPA should remove references in the Draft to the “Variable Transfer Limit” (or, preferably, BPA should change the Draft's underlying approach and consider all transmission system users who create variable transfers across a flowgate/path).

The Draft limits uses of DTC (used to move resources out of BPA’s BAA using Dynamic Transfer) but does not similarly limit uses of VTC on flowgates/paths internal to BPA's BAA. This appears to have the effect of favoring uses of variable transfers within BPA's BAA as compared with DTC uses outside of BPA's BAA.

**B. BPA Should Provide Longer-Term DTC with Additional Certainty Regarding Terms and Conditions**

PSE encourages BPA to move towards accommodating requests for DTC for periods greater than two years. The Draft moves in that direction, indicating that

[i]n the event that such requests [for DTC for longer than two years] may be accommodated, additional limitations would apply with respect to such conditions as the term of the award and associated costs for maintaining the award.

However, the Draft does not indicate what additional limitations or associated costs might be required for DTC for longer than two years. PSE encourages BPA to provide additional certainty regarding terms and conditions associated with maintaining longer-term awards of DTC. Longer-term awards with such certainty should provide transmission customers more assurance that they will be able to rely on such DTC for longer periods of time.

**C. BPA Should Evaluate the Effectiveness of BPA's DTC Policies and Business Practices**

In general, the issues raised by VTC and DTC in BPA's BAA still seem to lack regional understanding. PSE suggests that BPA hold another "DTC101" or exploratory session for interested stakeholders to evaluate the effectiveness of BPA DTC policies and related business practices.

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PSE appreciates the opportunity to comment on the Draft and looks forward to working with BPA and others in the region to find appropriate approaches to the issues raised by the Draft.

Sincerely,

**Puget Sound Energy, Inc.**

By: David Mills  
Director  
Title: Energy Supply & Planning  
Puget Sound Energy, Inc.