



## Transmission Services

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### Dynamic Transfer Capability (DTC): Requesting & Awarding - Pilot, Version 4

#### Response to Customer Comments

Posted: August 22, 2012

This document contains the Transmission Customer comments and Transmission Services' response to those comments for the DTC: Requesting & Awarding - Pilot, V4 Business Practice posted for review from July 3, 2012 through August 19, 2012.

Thank you for your comments.

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## 1. PacifiCorp

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PacifiCorp appreciates this opportunity to provide comments. Suggested changes in yellow background.

A. On the top of the red line version, page two:

BPA is proposing to consider requests for longer than two years to move **wind projects loads or resources** out of BPA's Balancing Authority **via pseudo-tie**. However, there is no assurance BPA will be able to grant any such awards. In the event that such requests 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.

### Transmission Service's Response

For the next phase of the DTC pilot program, BPA is willing to consider DTC requests for longer than two years. BPA is limiting these requests to DTC requests that change the electrical boundaries of BPA's Balancing Authority. This would include including moving loads or resources out of BPA's Balancing Authority as suggested by PacifiCorp, although BPA does not expect loads to move from BPA's Balancing Authority. This policy is designed to reduce BPA's obligation to supply balancing reserves.

BPA has revised the language in the introduction to the business practice accordingly.

B. In the middle of the red line version, page four:

e. Identification of the **eTag registered** Source and Sink **along with descriptions** at a level of detail sufficient to allow BPA to accurately calculate the **Dynamic Transfer Capability impacts impact** of the proposed use of Dynamic Transfer Capability:

- i. The path specified must correspond with the path of the provided BPAT AREF;
- ii. Applicants may contact their BPA Account Executive for assistance;
- iii. Applicants will be contacted if BPA determines further detail is necessary;

### Transmission Service's Response

BPA prefers to retain its proposed language which allows a customer latitude in providing Source and Sink information as long as the information provided is sufficient to allow BPA to study the DTC impacts of the proposed use. E-Tag registered Source and Sink designations, while helpful, are not necessary to evaluate the DTC impacts of a particular request.

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## 2. Southern California Edison (SCE)

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Please find Southern California Edison (SCE) suggestions on Bonneville Power Authority's (BPA's) Business Practice *Dynamic Transfer Capability: Requesting and Awarding Access - Pilot, Version 4* (BP). SCE supports the direction that BPA's modifications take the Dynamic Transfer Capability (DTC) process but recommends some changes to add clarity and utility to the BP.

- A. BPA should provide adequate time for firm transmission procurement by allowing the showing of firm transmission up to two weeks before DTC awards.

Section A.1.a requires an applicant to hold an appropriate Transmission Service Agreement to be eligible for awards. Considering the procurement time frame imposed by the BPA schedule, SCE believes that the requirement to hold firm transmission is unnecessary and will unnecessarily limit participation from entities that do not currently hold appropriate firm transmission. To allow full subscription of DTC, in the available timeframe, SCE suggests a two tier priority approach. The Tier 1 (the highest tier) would consist of requestors that show appropriate firm transmission at least two weeks prior to the DTC awards. Tier 2 would consist of all other requestors. While Tier 1 requestors can be awarded DTC upon announcement of the respective DTC award, Tier 2 requestors, to be eligible for award of unawarded DTC, would be required to show appropriate transmission no more than two weeks after DTC awards. This strategy avoids the queuing of requests, allows BPA additional ability to subscribe the full DTC available and gives requestors adequate time to acquire firm transmission.

### Transmission Services' Response

BPA believes its proposed policy provides a high degree of flexibility to a customer to make a request for service. A customer may submit a request for service at any time.

While a customer must hold firm service to be eligible for an award, BPA has the ability under the policy to grant a conditional award—e.g., "conditioned on meeting additional conditions necessary for reliability," such as obtaining firm transmission service. See Section D.2.d.

- B. BPA should allow resources to split their installed capacity between BPA and the Attaining BA.

The BP does not speak to the question of splitting a unit's capacity between DTC exports and static schedules. The BP should clearly delineate that DTC requests and awards are allowed for a portion of the respective plant's installed capacity. SCE believes that the capability to split an installation's output provides substantial benefits for the resource in that it would provide a vehicle to better match output with available transmission given the scarcity of the latter.

Furthermore, BPA benefits by enabling better utilization of available DTC during awards. As an example, if a 150MW resource could only obtain 100MW of DTC it

could still dynamically export up to 100MW and then submit static schedules for the balance of the capacity. By doing so, BPA would benefit by only needing balancing reserves sufficient to cover the 50MW.

#### Transmission Services' Response

A customer that has received a DTC award is not required to submit a dynamic schedule for the full amount of the award. Thus, as suggested by SCE, a customer may submit both a dynamic schedule to make use of a DTC award and a static schedule for that portion of its firm transmission in excess of its DTC schedule. No change in the policy is needed to accommodate the flexibility suggested by SCE.

- C. Section B.5.j should be changed to specifically include designation of system resources for balancing.

Although not part of the proposed changes, Section B.5.j could benefit from some clarification. In its current draft, the BP can be read to say that balancing resources must be unit specific. SCE believes that "system resources" should be specifically included in the requirement to avoid any ambiguity. The section would benefit from language similar to the following:

If the Applicant intends to use the Dynamic Transfer Capability awarded pursuant to this request to remove a resource from BPA's Balancing Authority Area, the Applicant must identify either the resource(s) or the BAA system that will be used to balance the Dynamic Transfer.

#### Transmission Services' Response

BPA declines to make this change. Because the location of a balancing resource relative to the signal to which it is responding is a significant factor in evaluating a DTC request, BPA is not able to grant a DTC award for "system resources."

However, it may be possible for BPA to approve a request for DTC for a system resource where balancing services is supplied over an intertie, such as the COI. This is because the voltage impacts resulting from dynamic movement of a resource delivered over the COI are more easily assessed.

- D. Section B should be modified to clearly state the different requirements for import and export DTC.

SCE believes that some clarity should be provided within section B and its subsections regarding the application of the requirements specific to imports of balancing energy, exports of power, and removal from the BAA. It would be helpful if these three cases were clearly identified and the application rules specific to those cases were gathered in separate sections. The particular sections that would be separated by case would be e, i, j, k, l, and m.

#### Transmission Services' Response

BPA believes its proposed business practice accommodates DTC requests for a variety of purposes, including importing balancing services, exporting power, and

moving a resource from BPA's BAA. The information needed to evaluate these requests is accounted for in the business practice, although in some cases additional information may be needed. The type of information needed and the technical requirements are the same regardless of the purpose of a request. Unique details with respect to a particular request are worked out with the customer and included in exhibits to the Dynamic Transfer Agreement with the customer.

## Closing

SCE believes that the above changes to the BP will provide certainty to the DTC process and better accommodate the smooth operation of the awards process. If you have any questions, please contact: John Zoida, Manager of Renewable of Resource Integration, (626)302-3336, john.zoida@sce.com

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### 3. Powerex

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Powerex has the following comments on the Dynamic Transfer Requesting and Awarding Access Pilot, V4 Business Practice:

- A. According to the revised business practice, BPA is proposing to consider requests for longer than two years to move wind projects out of BPA's Balancing Authority. Powerex believes it is discriminatory to offer greater DTC use to some customers and not others. Furthermore, other market participants may wish to use DTC to move wind from their region through BPA's system to another market, and should not be disadvantaged from doing so.

#### Transmission Services' Response

At this time BPA is limiting DTC requests for longer than two years to requests that change BPA's electrical boundary, such as moving wind out of BPA's Balancing Authority. This purpose for this limitation is to promote the use of DTC to reduce BPA's long-term balancing obligations.

As BPA gains experience with granting long-term awards and as BPA's DTC policies evolve, BPA may consider granting long-term DTC awards to support other uses.

- B. In the revised business practice, BPA argues that because DTC is location, use and resource dependent, BPA will continue its policy that there is no queue for DTC requests. Powerex understands that to date there has been no need to establish a process for allocating DTC; however, it would be prudent for BPA to establish such a process now before a potential conflict arises.

#### Transmission Services' Response

BPA has established a policy for allocating DTC through this business practice. Sections D.2 and D.3 of the business practice make clear that the allocation policy is based on granting as many requests for DTC as possible and optimizing use of DTC while preserving historic and committed uses.

To date BPA has been able to accommodate substantially all requests for DTC. There have been no instances where a request could not be granted because it conflicted with some other award.

Should such conflicts arise, BPA may have to develop policies to address such potential conflicts in awarding DTC. But at this time, BPA believes it is not necessary to do so.

- C. Is BPA planning to make public information on historic and committed use of DTC? If so, where will this information be posted?

**Transmission Services' Response**

BPA expects to post DTC information concerning historic and committed uses on its transmission website.

- D. Was the word "laster" on page 4 (section B.5.I) meant to be "later"?

**Transmission Services' Response**

Yes.

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#### **4. Puget Sound Energy (PSE)**

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- 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

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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.

- (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 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.

### Transmission Services' Response

The purpose of the business practice is to provide an opportunity for a customer to request and receive an award of DTC that will be used to transfer a resource

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

dynamically across BPA's system. The key characteristic of these dynamic transactions is that the customer, not BPA, controls the intra-hour movement of a dynamically transferred resource over BPA's system.

This is different from the case where BPA controls balancing resources that respond to the movement of dynamic, interconnected resources within BPA's Balancing Authority for which BPA is supplying balancing services. In the later instance BPA has visibility over the interconnected resource and control of Federal resources that are supplying balancing services. This provides BPA with flexibility to set up its system to accommodate anticipated dynamic movements of resources within its Balancing Authority for which it is supplying balancing without excessive voltage excursions.

The business practice is designed to achieve the same result for a customer. Namely the business practice allows a customer to make a request and supply information BPA needs to set up its system to account for the variability of a dynamic resource controlled by a customer, not BPA, to avoid excessive voltage excursions. The business practice provides BPA with the ability to limit or freeze a dynamic signal if needed to manage excess voltage excursions BPA can't otherwise manage.

BPA developed definitions to meet these commercial objectives. The WIST effort was primarily a technical analysis.

Customers asked BPA to adopt WIST terminology as much as possible. This led BPA to adopt the term "Variable Transfer Limit" rather than the term "Dynamic Transfer Limit" to refer to the dynamic transfer limit across a particular flow gate—i.e., the maximum variation of flow from all causes over a defined time interval that can be accommodated across a flow gate. No change in meaning was intended.

The logic of the business practice begins with assessing the Variable Transfer Limits of BPA flow gates using the WIST methodology. From these limits, BPA subtracts Historic Uses, which BPA defines as the amount of dynamic capability used by dynamic transfers and other variations of flow that occurred over the two years prior to December 31, 2009. These Historic Uses are updated to account for changes in these uses since December 31, 2009.

BPA then accounts for Committed Uses, which are uses that have been previously approved as of the date an award is granted.

The amount of dynamic transfer capability remaining after accounting for Historic and Committed Uses (i.e., the amount of the Variable Transfer Limit not used by Historic or Committed Uses) is the amount of Dynamic Transfer Capability available to award to customers.

**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.

#### Transmission Services' Response

As this time, BPA is unable to specify what additional limitations may be necessary. This is because the impacts of a dynamically transferred resource on BPA's system is highly dependent on the location of a resource relative to the signal to which it is responding, the characteristics of that resource (e.g., its ramp rate), and the use to which it is put. For this reason, any additional limitations that may be necessary cannot be assessed until BPA evaluates a particular request.

BPA expects its DTC policies to evolve as BPA gains experience with evaluating and granting long-term requests. Over time BPA expects to provide greater clarity on what additional limitations may be necessary for long-term awards.

BPA has not yet developed a methodology for describing what costs a customer may be required to pay as a condition of receiving a long-term award. A particular request may require the installation of equipment to help manage voltage excursions arising from a particular use of DTC. However, it may be possible for BPA and the customer to agree to limitations on DTC use that may reduce the cost of accommodating a particular request, an assessment that would be unique to each request.

#### 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.

#### Transmission Services' Response

BPA will take this suggestion under advisement. BPA expects to engage with its customers on DTC issues as its DTC policies evolve and the WIST finishes its technical work.

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.

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## 5. Iberdrola Renewables

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Iberdrola Renewables appreciates the opportunity to comment on Bonneville's Dynamic Transfer Capability: Requesting and Awarding Access, Version 4 and offers the following for consideration.

- A. Iberdrola Renewables objects to Bonneville's removal of the use of DTC for CSGI as an evaluation priority. Iberdrola Renewables understands that it has not been an determining factor for DTC allocation to date, but feels strongly that Bonneville should maintain this evaluation criteria in the event requests for DTC exceed supply in future rate periods. Bonneville included DTC for CSGI in its evaluation criteria based on the benefits it provides to all customers. In light of Bonneville's increasing reserve constraints, maintaining such priority will arguably be even more important going forward.

### Transmission Services' Response

BPA understands Iberdrola's desire that BPA maintain a priority for requests for DTC to support BPA's CSGI pilot program. BPA believes a priority is not necessary to accommodate anticipated CSGI requests.

Should conflicts arise between requests for DTC for CSGI use and other uses, BPA may reconsider its policy.

- B. Iberdrola Renewables believes longer-term allocation of DTC is appropriate not only for requests that move wind projects out of BPA's BA, but also to support a longer-term CSGI structure. In addition, Iberdrola Renewables objects to Bonneville's ability to recall the longer-term award of DTC and to require customers to reimburse Bonneville for any costs incurred to maintain the DTC access past the 2-year rate period. This requirement undermines any certainty a customer is seeking in requesting longer-term DTC access. Iberdrola Renewables appreciates Bonneville's need to take necessary action to preserve reliability on an as needed basis. Bonneville should seek to balance those needs with customers' needs for longer-term certainty – both for DTC access and expense – through establishment of predefined conditions for DTC recall and a definitive cap on additional costs.

### Transmission Services' Response

This proposed policy responds to requests from customers for longer-term certainty, particularly with respect to requests to move wind resources out of BPA's Balancing Authority, which reduces BPA's obligations to supply balancing over long-term periods. BPA's proposal is intended to test the idea of granting long-term awards, but conditioned on protecting reliability and conditioned on avoiding cost shifts to other customers.

The proposal to consider long-term requests for DTC introduces issues that are more significant than arise for 2-year requests. While BPA appreciates customers' interest in certainty and will work with customers on particular requests to achieve greater certainty, BPA is not willing to award unfettered long-term DTC to customers.

Further, there is considerable uncertainty as to customers' needs and desires with respect to long-term requests. BPA expects its DTC policies to evolve as BPA gains experience with evaluating and granting long-term requests. Over time BPA expects to provide greater clarity on what additional limitations may be necessary for long-term awards.

BPA's proposal to limit DTC awards for requests other than moving wind out of BPA's Balancing Authority is consistent with other policies, such as CSGI participation, which is currently limited to two years. CSGI participants are not committed to supply balancing reserves over long periods. Thus, for these reasons, BPA does not believe it is appropriate to grant long-term awards for CSGI participants at this time.

As BPA's CSGI and DTC policies evolve, these issues can be revisited.

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## 6. Portland General Electric Company (PGE)

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Portland General Electric Company (PGE) appreciates the opportunity to comment on BPA's revision *Dynamic Transfer Capability: Requesting and Awarding Access-Pilot, Version 4*. Please accept our comments and questions below.

- A. Definitions: PGE is concerned that BPA continues to develop its own definitions as opposed to adopting standardized definitions communicated by NERC.

### Transmission Services' Response

As BPA has previously explained, BPA believes its definitions, which were drafted to reflect commercial and policy considerations, offer greater clarity than NERC definitions.

- B. Evaluating Requests for Access to Dynamic Transfer Capability:

1. C.1. - BPA introduces Variable Transfer Capability, PGE requests that BPA provide a definition, and explain the significance of the change in term.

### Transmission Services' Response

When the Wind Integration Steering Team (WIST) published its third report in December 2012, customers asked BPA to adopt the terminology included in the WIST report. In response, BPA elected to adopt the WIST term "Variable Transfer Capability," rather than "Dynamic Transfer Capability." In doing so, no change in concept was intended.

2. C.3. and C.4. - PGE has been concerned with the lack of transparency around BPA's selection process since the inception of the pilot program. Regarding the previous versions, PGE understood the latitude necessary for the successful analysis of the pilot

program. However, PGE must now object that BPA now has the ability to arbitrarily pick and choose awards, not based on queue order or documented selection criteria, but rather at will. PGE is disappointed at the intentional side stepping of the principles underlying Open Access transmission service.

#### Transmission Services' Response

BPA believes that its selection criteria are transparent and specified in the business practice.

Sections D.3 and D.4 of the business practice make clear that the selection criteria is based on granting the most use of DTC as possible while preserving historic and committed uses. BPA has made clear that the location of the resource to be dynamically scheduled relative to the location of the signal to which that resources is responding (such as load or wind generator variability), as well as the characteristics of that resource (such as ramp rate) are important selection criteria that affect BPA's ability to award DTC.

With respect to documentation, BPA is applying the WIST methodology developed through a regional process in analyzing the amount of DTC available on its system and making awards. Posting DTC awards will improve transparency.

Dynamic Transfer Capability is not defined as an OATT service. Thus, the principles underlying OATT service do not apply.

#### C. Offering Access to Dynamic Transfer Capability:

1. D.2.e. - PGE requests that BPA more clearly communicate the parameters associated with "additional requirements", as well as, the evaluation determinants used in awarding long-term requests for DTC. Additionally, if any, what costs does BPA envision allocating to long-term requests for DTC? Will BPA allow a recipient to opt out of the award upon notification of incremental costs?

#### Transmission Services' Response

BPA is not able to define "additional requirements" that may be imposed on a particular request for a long-term award at this time. This is because such requests are highly depending on the use to which a particular resource is put and the relative location of the dynamically transferred resource and the signal to which it is responding. Thus, additional requirements that may be needed to accommodate a particular request are unique to a particular request.

BPA envisions allocating to long-term requests the costs of accommodating that request. These may include the capital costs of installing and maintaining equipment necessary to manage system voltage excursions caused by a particular use of DTC, and associate labor costs.

A customer may opt out of an award by simply not accepting BPA's offer.

BPA has not yet adopted a policy for allowing a recipient to opt out where costs are incurred, say, several years after the grant of a DTC award. BPA is open to discussing with a customer the terms of any opt out or other provisions that may be necessary to protect customer interests. This is a matter that BPA believes is best resolved between a customer and BPA with respect to a particular award.

2. D.12. - PGE respectfully requests that BPA remove part D.12. due to the commercially sensitive nature of views each Dynamic Transfer Capability award as proprietary.

#### Transmission Services' Response

BPA believes posting awards will improve transparency.