



Transmission Services

Requesting Transmission Service, Version 13, Resale of Transmission Service, Version 8

Response to Customer Comments

Posted: September 14, 2012

This document contains the Transmission Customer comments and Transmission Services' response to those comments for the Requesting Transmission Service, V8 Business Practice posted for review from August 10, 2012 through September 10, 2012.

Thank you for your comments.

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1. Powerex

Powerex has the following comments on the Requesting Transmission Service, Version 13 Business Practice:

Unconditional Thresholds for Hourly Firm service on page 19

Powerex is very concerned with the current Unconditional Threshold for Hourly Firm service on page 19. Allowing Hourly Firm service to be “conditional” until 14:00 of the preschedule day, and therefore subject to competition, may lead to significant scheduling problems for all parties involved and may lead to complications related to resale and redirect competitions. The premium value of the firm transmission product is payment for certainty for the buyer and creates investment in the transmission system. The proposed structure of reservation timing requirements in this Business Practice undermines this certainty and therefore the value of firm transmission rights. The proposal would also limit the cascading impact to all parties involved in e-tags that may get impacted. Powerex strongly encourages Bonneville to set firm Hourly Transmission to be unconditional by 10AM of its prescheduling day to facilitate use of firm transmission for preschedule schedules with certainty.

Transmission Service’s Response

All references to short-term competitions will be removed from the business practice and the existing bulletins will be pulled from the Business Practice website as well.

The main intent of the originally revised business practice (BP) was to prepare for the upcoming offering of Daily, Weekly and Monthly Short-Term Non-Firm transmission as addressed in BPA’s recent (March 28) tariff filing and at recent BPA conference calls. These revisions will remain.

With respect to the proposed short-term competition revisions - BPA has been incorporating bulletins into its BPs for ease of reference for some time now so that all business guidelines can be found in one place. Typically the bulletins that are incorporated have been in place for some time and the procedures noted in them have not been revised. BPA recognizes that it has initiated extensive policy development on a regional and national basis on short-term competition. BPA mistakenly incorporated those bulletins into this BP and as noted will remove them and as well remove the bulletins from its BP website. We apologize for the confusion this has caused.

Processing an Hourly Firm TSR page 17

How does Bonneville intend to handle the situation where a customer has received a COUNTEROFFER on their request, a higher priority challenger has entered the queue before they have confirmed it, and the customer confirms the COUNTEROFFER prior to Bonneville processing the challenger’s request?

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Page 20, section 4.d

There should not be a situation whereby a challenger is able to withdraw or allow their competing TSR to go to RETRACTED as described in 4.d. A defender should not need to compete and submit a longer duration request if the challenger is not serious about taking the transmission. Bonneville addressed this problem for long-term competitions by requiring a competitor to execute a contingent service agreement as described in BPAT's Reservation Priority Business Practice. A solution for this in the short-term market would be to require requests to be preconfirmed before they are eligible to compete with others on duration.

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Page 23, section 9.a.

On page 23, section 9.a. says that the Stop time of the matching TSR must be equal to the challenging TSR. This is contrary to what is required in the Tariff. A competitor is allowed to meet or exceed the duration of a challenging request. This can involve moving the stop time and/or the start time to meet or exceed the duration of the challenging TSR.

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2. Seattle City Light

Seattle City Light appreciates this opportunity to provide comments to the Bonneville Power Administration (BPA) on its proposed business practices. BPA is currently engaged with its customers and the NAESB forum on crafting rules for Preemption and Short Term Competition ("PSTC"). The Business Practices (BPs) currently out for comment have been modified to such a degree as to risk rendering BPA's internal (NW) and external (NAESB) processes moot. It is Seattle's position that the BPs which were released for comment will cause significant market disruption and create potential reliability risks for the region. April 2013 is a very aggressive time line and the wide variety of issues and stakeholders concerns make it very clear that this will likely not be achieved without exposing the region to those risks. No regional consensus has been reached, and hence no rules could possibly be considered as having broad based regional support.

Seattle is disappointed that during the last several months, the BPA team involved with the NAESB group and PSTC did not discuss with interested customers this release of information, and yet BPA posted BP changes unknown to the very customer group that was deeply engaged with BPA's own staff in crafting the new rules.

All of the following Business practices are impacted by the PSTC:

Requesting Transmission Service, Version 13

Scheduling Transmission Service, Version 9

Resale of Transmission Service, Version 8

Network Integration (NT) Transmission Service, Version 5

The penalties associated with failure to comply provisions agreed above are now created in:

Failure To Comply, Version 7

The discussion group of BPA and it's customers relating to PSTC, as well as NAESB have not had time or opportunity to reach a decision or even have a discussion related to the changing of e-tags, let alone the penalties involved for failure to comply.

Seattle respectfully suggests that BPA should allow the development of a consensus of its customers by continuing to work with them on these issues within the Preemption and Short Term competition working group. It would appear from these proposed business practices

that BPA intends to simply push through the new rule changes without customer review, or meaningful input and to completely circumvent the seven months of work that has been done to date.

Seattle requests that BPA withdraw these Business Practices Out for Comment and continue to work through its existing customer group and the NAESB process to develop the rules and penalties for the PSTC. Seattle remains committed to support the current process and is looking forward to continued dialog within the NW region on these critical issues.

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The main intent of the originally revised business practice (BP) was to prepare for the upcoming offering of Daily, Weekly and Monthly Short-Term Non-Firm transmission as addressed in BPA's recent (March 28) tariff filing and at recent BPA conference calls. These revisions will remain.

With respect to the proposed short-term competition revisions - BPA has been incorporating bulletins into its BPs for ease of reference for some time now so that all business guidelines can be found in one place. Typically the bulletins that are incorporated have been in place for some time and the procedures noted in them have not been revised. BPA recognizes that it has initiated extensive policy development on a regional and national basis on short-term competition. BPA mistakenly incorporated those bulletins into this BP and as noted will remove them and as well remove the bulletins from its BP website. We apologize for the confusion this has caused.

3. Portland General Electric Company (PGE)

Requesting Transmission Service, version 13

Currently, BPA has been hosting several customer meetings surrounding short term competition, resales and redirects and is using these regionally based discussions to take to the NAESB forum. It is premature to include these bulletins in the business practice given we are still weighing in on the processes and impacts of short term competition and a bulk of our discussions that have not yet been finalized pertains to Section J and Section K, most particularly with hourly competition. It is disconcerting to have the language imbedded into a business practice to imply that it is operationally ready when BPA has indicated at these meetings that there are various issues to still sort out. This includes the risk of grave market disruptions as well as the uncertainty of vendor issues. At a minimum, BPA should explain why it has proposed adopting as a business practice matters that are currently being discussed and analyzed in the region.

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The main intent of the originally revised business practice (BP) was to prepare for the upcoming offering of Daily, Weekly and Monthly Short-Term Non-Firm transmission as

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With respect to the proposed short-term competition revisions - BPA has been incorporating bulletins into its BPs for ease of reference for some time now so that all business guidelines can be found in one place. Typically the bulletins that are incorporated have been in place for some time and the procedures noted in them have not been revised. BPA recognizes that it has initiated extensive policy development on a regional and national basis on short-term competition. BPA mistakenly incorporated those bulletins into this BP and as noted will remove them and as well remove the bulletins from its BP website. We apologize for the confusion this has caused.

4. Tacoma Power

Tacoma Power understands BPA's desire to change its transmission business practices as detailed in the Requesting Transmission Service, Version 13. Regrettably, Tacoma Power maintains concerns with how the proposed changes implement preemption and short-term competition for BPA's transmission system. Therefore, we urge BPA to delay the effective date of the changes until regional engagement processes have concluded or at least addressed the most significant implementation issues presented by regional stakeholders.

Tacoma Power's primary concern relates to preemption and competition in the hourly firm market. As a hold of long-term firm point-to-point transmission Rights, Tacoma Power frequently uses long-term firm transmission redirected as hourly firm transmission to schedule daily or seasonal variation in power flow. Preemption and competition as contemplated by Section J of the proposed business practices could significantly disrupt this practice and could leave Tacoma Power unable to complete prescheduling in advance of the checkout deadline or, conceivably, unable to move power from a resource to load.

Tacoma Power has participated in BPA's regional engagement process surrounding preemption and short-term competition. Like many point-to-point transmission customers, we have raised concerns with various other aspects of the proposal. In our view however, the extended debate around whether to implement preemption and competition in the hourly firm market has interfered with BPA's ability to resolve many other related issues, the outcome of which should appear in BPA's transmission business practices. As a result, we request that BPA delay any changes in business practices until after BPA has concluded its regional engagement process.

We thank BPA for their consideration and for their efforts to keep their customer informed with respect to national efforts surrounding preemption and short-term competition.

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With respect to the proposed short-term competition revisions - BPA has been incorporating bulletins into its BPs for ease of reference for some time now so that all business guidelines can be found in one place. Typically the bulletins that are incorporated have been in place for some time and the procedures noted in them have not been revised. BPA recognizes that it has initiated extensive policy development on a regional and national basis on short-term competition. BPA mistakenly incorporated those bulletins into this BP and as noted will remove them and as well remove the bulletins from its BP website. We apologize for the confusion this has caused.

5. Puget Sound Energy, Inc. (PSE)

In this letter, Puget Sound Energy, Inc. ("PSE") comments on the out-for-comment Business Practice of the Bonneville Power Administration ("BPA") entitled "Requesting Transmission Service, Version 13" (the "Requesting Transmission Service Draft Business Practice"). PSE appreciates the opportunity to comment on the Requesting Transmission Service Draft Business Practice and looks forward to working with BPA and others in the region to find appropriate approaches to the issues raised therein.

The Requesting Transmission Service Draft Business Practice acknowledges that it is in response to the revised Open Access Transmission Tariff ("OATT") filed with the Federal Energy Regulatory Commission ("FERC") by BPA on March 29, 2012:

BPA filed a revised OATT on March 29, 2012 to update its OATT based on input from the BOATT process. The petition associated with this filing noted in section D.iv that BPA would offer Daily, Weekly and Monthly Non-Firm PTP Transmission by September 2012. Part of offering these products is to update this business practice. To accomplish that, Version 13 modifies the Requesting Transmission Service Business Practice to provide information for sales of daily, weekly and monthly short-term non firm transmission (A.2, F.2 and F.3). Curtailment of these new products will be consistent with the NERC reservation priorities associated with the new products as noted in Section F.2 of this business practice.

In addition, the following bulletins have been incorporated:

- Section J: Submitting and Processing Hourly Requests
- Section K: Submitting and Processing Short-Term Firm Requests
- Section L: OASIS LTF TSR Submittal Procedures

Requesting Transmission Service Draft Business Practice at 1. BPA has not, however, limited the Requesting Transmission Service Draft Business Practice to providing information for sales of Daily, Weekly and Monthly Non-Firm PTP Transmission. New Section J (Submitting and Processing Hourly Requests) and new Section K (Submitting and Process Short-Term Firm Requests) contain procedures for the initiation and conduct of a competition for hourly and short-term firm requests, respectively. In general, the short-term competition and preemption issues raised in the Requesting Transmission Service Draft Business Practice are premature and fail to reflect issues addressed in regional and national workshops on short-term competition and preemption issues. BPA should continue to engage in national and regional forums on these issues prior to creating or publishing any business practices to address them.

- A. BPA should remove all procedures in the Requesting Transmission Service Draft Business Practice regarding the initiation and conduct of a competition in hourly and short-term firm requests. First, neither FERC nor the pro forma OATT required the implementation of hourly firm or non-firm competitions. Additionally, the North American Energy Standards Board (“NAESB”) short-term competition and preemption processes have not addressed hourly firm or non-firm competitions. Finally, BPA’s customers have almost unanimously communicated to BPA that they do not wish to implement hourly firm or non-firm competitions. Therefore, BPA should implement hourly firm or non-firm competitions through the Requesting Transmission Service Draft Business Practice.

BPA should also remove all procedures in the Requesting Transmission Service Draft Business Practice regarding the initiation and conduct of a competition in daily, weekly and monthly requests. BPA has engaged the region on workshops regarding short-term competitions and preemption with the goal of “a compliant automated solution for preemption and competition by April 2013. (BPA Presentation, “Short Term Preemption and Competition, BOATT Customer Workshop, “May 16, 2012, at 3.) These regional workshops on short-term preemption and competition are ongoing and have focused on complex issues, such as (i) reservation priority (PTP vs. NT); (ii) the calculation of ATC-AFC; (iii) NAESB OASIS Subcommittee motions; (iv) competition process flows; (v) resale and redirects; (vi) same tier preemption and competition phases; (vii) timing issues; and (viii) the OATI Preemption and Competition Module (PCM v3). See short-term competition meetings, at

http://transmission.bpa.gov/customer_forums/short_term_comp/default.cfm?page=meetings. Furthermore, BPA has been actively engaged at North American Energy Standards Board (“NAESB”) meetings for the WEB OASIS Subcommittee on the implementation of short-term competition and preemption at the national level, including potential changes necessary to the pro forma OATT.

Given BPA’s active participation in the Short-Term Competition and Preemption workshops at the regional level and the NAESB meetings for the WEQ OASIS Subcommittee at the national level, BPA has not provided any rationale why it is necessary to address short-term competition and preemption issues in its Requesting Transmission Service Draft Business Practice. The imposition of a business practice that, in part, addresses Short-Term Competition and Preemption prior to the conclusion of the regional workshops will likely undermine any regional consensus that may develop in these regional meetings.

Transmission Services’ Response

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The main intent of the originally revised business practice (BP) was to prepare for the upcoming offering of Daily, Weekly and Monthly Short-Term Non-Firm transmission as addressed in BPA’s recent (March 28) tariff filing and at recent BPA conference calls. These revisions will remain.

With respect to the proposed short-term competition revisions – BPA has been incorporating bulletins into its BPs for ease of reference for some time now so that all business guidelines can be found in one place. Typically the bulletins that are incorporated have been in place for some time and the procedures noted in them have not been revised. BPA recognizes that it has initiated extensive policy development on a regional and national basis on short-term competition. BPA mistakenly incorporated

those bulletins into this BP and as noted will remove them and as well remove the bulletins from its BP website. We apologize for the confusion this has caused.

- B. The Requesting Transmission Service Draft Business Practice fails to address most - if not all - of the issues identified for discussion in national and regional forums regarding short-term competition and preemption issues.

As discussed above, various national and regional forums currently address variety of issues regarding short-term competition and preemption issues. The Requesting Transmission Service Draft Business Practice fails to address most - if not all - of the issues identified for discussion in these forum. For examples, the Requesting Transmission Service Draft Business Practice fails to address the following short-term competition and preemption issues:

- The Requesting Transmission Service Draft Business Practice fails to describe how BPA's short-term competition and preemption processes will treat resales and redirects.
- Requesting Transmission Service Draft Business Practice fails to describe how BPA's short-term competition and preemption process will minimize harm to Defenders.
- Requesting Transmission Service Draft Business Practice fails to describe how BPA's short-term competition and preemption processes will address the effect on Defenders if Challengers refuse a Counteroffer.
- The Requesting Transmission Service Draft Business Practice fails to describe whether a counteroffer request to be superseded will override the counteroffer acceptance timeline.
- The Requesting Transmission Service Draft Business Practice fails to mention NAESB Table 4-3, which defines which type of transmission request can preempt or bump another request.

BPA should, at a minimum, address the above-described issues prior to implementing the short-term competition and preemption procedures contained in the Requesting Transmission Service Draft Business Practice.

Transmission Services' Response

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- C. BPA should not implement short-term competition and preemption procedures through a business practice when BPA lacks the software systems to perform such procedures

BPA has communicated to customers that it does not yet have a software solution that will allow BPA to implement competitions and that BPA does not plan on implementing any such software solution until approximately April 2013. (See, e.g., BPA Presentation, "Short Term Preemption and Competition, BOATT Customer Workshop," May 16, 2012 at 4 ("Proceed with the current approach for implement base PCM (OATI Preemption and Competition Module (PCM v3) by April 2013" .) Although the Requesting Transmission Service Draft Business Practice does not expressly identify an effective date, it does suggest that the effective date will be in 2012. (See, e.g., Requesting Transmission Service Draft Business Practice a 1("Effective xx/xx/12"). BPA should not implement short-term competition and preemption procedures through a business practice with BPA lacks the software system to perform such procedures.

In short, the short-term competition and preemption issues raised by the Requesting Transmission Service Draft Business Practice lack regional understanding and consensus. BPA has participated and has indicated a desire to continue to participate in the various national regional forums intended to address short-term competition and preemption issues. PSE suggests that BPA continue to participate in these forums and refrain from including short-term competition and preemption issues in any business practice until such issues are further developed and better understood. PSE appreciates the opportunity to comment on the Draft Business Practice and looks forward to working with BPA and others in the region to find appropriate approaches to the issues raised by the Requesting Transmission Service Draft Business Practice.

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