BPA Transmission Services

Requesting Transmission Service, Version 30

Response to Customer Comments

Posted: Oct. 26, 2016

This document contains the Transmission Customer comments and Transmission Services' response to those comments for Requesting Transmission Service, Version 30, posted for review from July 14, 2016 – Aug. 19, 2016.

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PGE

PGE Comment:

Under Section I regarding the Short-term and Hourly TSR Process, subsection 2.c., BPA revises the business practice to suggest that, using the Transmission Loading Relief Avoidance (TLRA) tool, "BPA may deny hourly firm or non-firm requests, including redirects, for specified affected Network paths for hours in which BPA forecasts or experiences congestion." PGE is concerned that there is no documentation of the use of the TLRA regarding process or timing of the tool. More information is needed to fully understand how BPA will use this tool and the series of events that would trigger the use of the TLRA. PGE suggests BPA hold a workshop to discuss the triggering criteria, explore the historical use of this tool, the actual congestion that was avoided, and the possibility of false positives.

Transmission Services' Response:

BPA is open to holding a workshop to further discuss the use of TLRA. BPA expects to produce a report assessing the effectiveness of the SOA non-wires pilot program (Pilot), including its impact on the market, after each summer season and to share it with stakeholders. BPA expects the Pilot to provide approximately 100 MW of flow relief on SOA, the confirmation of which is a key objective of the Pilot.

The conditions under which TLRA would be deployed for the Pilot are relatively straight forward. Congestion on SOA is associated with periods of hot weather during the months of July, August, and September in the Portland area or in

California. These high temperatures, coupled with low wind power production and high energy imports from Canada result in relatively high Northwest energy prices and an associated increase in thermal plant operation. These conditions typically occur in the mid- to late- afternoon and persist for a few hours.

Historically, BPA has infrequently deployed TLRA at WECC preschedule when it forecasts congestion on network flowgates, usually associated with a planned outage. BPA has also deployed TLRA closer to the delivery hour to address an unplanned outage or an unanticipated congestion event. These practices would not change, although BPA is working to improve its methodology for forecasting congestion on the South of Allston (SOA) flowgate at WECC preschedule.

PGE Comment

BPA's approach to treat redirects of long-term firm service the same as hourly firm sales is concerning. PGE requests clarification regarding BPA's proposed treatment of redirects away from the congested SOA path. If these rights for redirects away from the congested path will be denied, BPA may unintentionally exacerbate the congestion problem. For instance, PGE could use a redirect from the SOA flow gate to MIDC -- John Day, purchase energy from a MIDC participant and use the redirected transmission to serve PGE load rather than add to the congestion on the SOA path. PGE requests that BPA clarify whether redirects off the SOA path will be allowed during periods of congestion.

Transmission Services' Response:

BPA's approach is based on the fact that a redirect and a sale of hourly firm are both requests for new service. As such, the TLRA policy treats them the same.

BPA would not prohibit a redirect away from the congested SOA path if the redirect has only a *de minimis* impact on SOA flows. A hypothetical redirect from a MidC resource would likely have an impact on SOA flows that would have more than a *de minimis* impact because generation sourced at or near MidC generally have more than a *de minimus* impact on SOA flows. If so, the redirect request would be denied.

When hourly firm is not available, BPA's current system prohibits a redirect that has a non-*de minimis* impact on the SOA flowgate, even if the flow impact of the redirect reduces flows on SOA compared to the flow impact that would occur were the parent right exercised. That is, BPA's system does not "net" the flow impacts of the redirect against the parent right when BPA stops making hourly firm available. BPA intends to have additional stakeholder discussions on this issue in order to reevaluate this policy.

PGE Comment

PGE is also concerned that the proposed restrictions intended for SOA benefit will result in similar restrictions to transmission rights throughout the BPA system. Limiting redirects throughout [the] BPA system during times of congestion on SOA would result in decreased flexibility that BPA customers require to move flow off congested flow gates and still meet load. BPA should clarify that restrictions on SOA will not be applied system wide.

Transmission Services' Response:

A TLRA for SOA will only restrict redirects that have a non-*de minimis* impact on SOA. Network redirects that have a *de minimis* impact, or provide flow relief, on SOA will not be affected.

Tacoma

Tacoma Comment

Tacoma Power relies on hourly firm transmission that has been redirected from long-term firm point-to-point transmission to achieve its power marketing activities. This is because Tacoma Power has only purchased long-term firm point-to-point transmission to serve retail loads in Tacoma. Our reasoning for this is two-part and quite simple: 1) Tacoma is the only place where we have an ongoing interest in delivering energy; and 2) BPA's long-standing practice of providing unlimited hourly firm service hasn't provided an incentive to do anything differently. Without the ability to reliably redirect long-term firm transmission to an hourly firm product, the long-term firm product becomes quite inequitable given that it is purchased flat across the year with no other ability to shape it to seasonal energy needs.

Further complicating Tacoma's situation is our geographic proximity to the SOA flowgate. With very few exceptions, almost any redirect of long-term firm transmission to the hourly firm product would be refused because transmission service reservations cannot originate from Tacoma Power without having a non-de-minimis impact on the SOA flowgate. In other words, with the instituting of a business practice, BPA has effectively cut Tacoma off from the rest of the region, leaving it to meet its reliability responsibilities and non-power generation constraints with just the inherent flexibility of its own generation system. It has been truly disheartening that BPA would implement such a sweeping policy on such a short timeframe, with limited regional process, and without some measure of direct customer engagement.

Transmission Services' Response:

BPA's TLRA policy has been in existence and available to manage congestion for the better part of a decade, although BPA has deployed the TLRA tool infrequently. Instead, BPA has usually relied on curtailments and redispatch to manage congestion events.

The proposed change is not a change in BPA policy, but rather a defined criterion under which BPA will deploy the TLRA tool under the Pilot in historically high risk months. Although the actual number of hours of redispatch deployment is uncertain, the deployment is expected to be infrequent. BPA expects to deploy the TLRA tool under the Pilot approximately 40 hours during the months of July, August, and September, during afternoon hours when high flows occur on SOA and third party resources are being deployed.

BPA is providing customers nine months' notice of this change in the use of the TLRA tool, which BPA believes is a reasonable period for customers to modify their marketing strategies in anticipation of the impacts of the BPA Pilot on SOA. BPA has discussed the purpose and scope of the Pilot with stakeholders at public meetings spanning several months and provided opportunities for customers to comment, including on the corresponding changes to business practices needed to implement the Pilot.

BPA will deploy third party redispatch resources prior to curtailing non-firm service, which should further reduce the risk of curtailed service. If a significant

outage adversely affecting SOA SOL were to occur, curtailment of schedules may also be necessary. This event likely would have led to curtailment of firm schedules on SOA in the absence of the Pilot because the amount of non-firm schedules on SOA that would be curtailed before firm schedules are curtailed is usually small.

Tacoma Comment

Given that BPA has generally been able to manage power flows on the SOA flowgate and it will obtain a new tool to facilitate in that management in the Redispatch Pilot, we encourage BPA to do the following with respect to Requesting Transmission Service Version 30 so that the business practice does not unnecessarily disrupt the region and Tacoma Power.

BPA should delay implementation of the business practice to see if it is truly necessary to support the Redispatch Pilot or at least until there is a well-functioning system awareness tool that has a proven track record of limiting deployments in the preschedule horizon to occasions when it is truly needed.

Transmission Services' Response:

BPA declines to delay implementation of the business practice. The TLRA tool is an existing and necessary tool to help manage congestion events. The purpose of the Pilot is to test the efficacy of using third party redispatch to reduce flows on SOA. BPA believes it is inappropriate to continue to make hourly firm available when it anticipates congestion on SOA, particularly given the prospect of having to make costly infrastructure investments at ratepayer expense to address a growing reliability risk on SOA.

Stopping HF sales is a vital component of the Pilot that needs to be exercised concurrently with the deployment of redispatch of third party resources. Since BPA has a limited number of days to use the Pilot, we will target our use of TLRA to the days with the highest likelihood of congestion. Under the Pilot, there are limited hours that redispatch will be deployed. BPA expects to stop making hourly firm available and deploy third party redispatch only when congestion on SOA is forecasted.

Tacoma Comment

BPA should revise the business practice to apply only in the real-time horizon or when known outages diminish the capability of the flowgate.

Transmission Services' Response:

Most sales of and redirects to hourly firm occur within a few hours of making hourly firm available at WECC preschedule. Applying the policy in real time would be too late to avoid the potentially adverse impacts of making hourly firm available under these conditions; the exacerbation of anticipated congestion will have already occurred.

In addition, the SOA issue is not limited to reduced capability of the SOA flowgate. Congestion on SOA is associated with hot weather during the months of July, August, and September in the Portland area or in California, coupled with low wind power production and high energy imports from Canada.

Tacoma Comment

To the extent the business practice is necessary to assure that parties providing redispatch capacity deliver the service they have committed to provide, BPA should limit application of the business practice standard to those parties.

Transmission Services' Response:

SOA flows that contribute to congestion are not limited to parties providing redispatch service. Schedules from parties that do not participate in providing redispatch service under the Pilot also affect SOA flows. Thus, the business practice must apply to all flows that impact SOA.

Tacoma Comment

BPA should reconsider its business practice with two new data points in mind. First, we believe that if BPA performed analysis showing how prevalent hourly firm transmission is used during a given day when Requesting Transmission Service Version 30 might be deployed, it might develop similar concerns about the feasibility of its proposal. Second, in our industry we engage in a great deal of testing. We would encourage BPA to test the business practice, perhaps with advanced notice on a cool day in September when there is less risk of congestion, then ask the region, again, how it perceives Requesting Transmission Service Version 30.

Transmission Services' Response:

BPA has analyzed the extent to which hourly firm service is used, particularly through redirects, and has considered that PTP customers without long-term firm rights over SOA may need to rely on non-firm service (1-NS or 2-NH for PTP or 6-NN service for NT customers serving load over SOA) in the absence of hourly firm. While BPA has considered the benefit customers derive from the ability to engage in flexible marketing activities using hourly firm, BPA must also consider the alternative products available to customers, as well as the increasing risk of reliability events on SOA and the prospect of having to make costly infrastructure investments at ratepayer expense to address a growing reliability risk on the SOA flowgate.

BPA's consideration of SOA congestion indicates that continuing to make hourly firm available at WECC preschedule, which has the potential to make congestion conditions worse during times of anticipated congestion, would fail to fully address the reliability concerns associated with SOA, even though doing so would facilitate customer marketing flexibility. BPA's proposal to deploy third party redispatch service (expected to provide about 100 MW of SOA flow relief) before curtailing schedules should reduce curtailment risk, a factor that will be assessed during the Pilot.

Testing the efficacy of the Pilot during periods when congestion is not forecast, such as on a cool day in September, is something BPA will consider once the Pilot is under way.

Tacoma Comment

Finally, BPA should develop some service alternative for parties adversely impacted by the business practice.

Transmission Services' Response:

At this time, BPA is not proposing to make any changes to its non-firm transmission service. BPA's proposal to deploy third party redispatch service (expected to provide about 100 MW of SOA flow relief) before curtailing schedules should reduce curtailment risk, a factor that will be assessed during the Pilot.

NT customers using SOA to service load can schedule on 6-NN, which should be well protected from curtailment because of an anticipated increase in the use of non-firm by marketers during a TLRA event (which would be curtailed ahead of 6-NN schedules) and because third party redispatch will be deployed before curtailing any schedules.

TransAlta

TransAlta Comment

As discussed extensively at Bonneville's July 12, 2016 the South of Allston Non-wires Redispatch Pilot Program update meeting, Bonneville has not fully considered market disruption of denying hourly firm service, without prior notice, early in the preschedule day when market participants are often making delivery arrangements through 13:00PPT. Bonneville's recommendation to "make delivery arrangements early" is impossible to do completely when the Day-Ahead market continues to clear hours after Bonneville proposes to begin denying hourly firm service.

Transmission Services' Response:

BPA has considered the market effects of restricting hourly firm service under the Pilot, but intends to further assess the impact on the market of not making hourly firm available as part of its reports to stakeholders on the efficacy of the Pilot after each summer season.

Customers will have notice that hourly firm service will not be available at WECC preschedule when BPA provides notice to INC resources that it will deploy INCs for congestion relief. BPA considers that sufficient notice for customers to make delivery arrangements for the Day-Ahead market, understanding that this may require some transactions to be scheduled on non-firm transmission.

Thus, BPA expects restrictions on hourly firm service under the Pilot to impact how customers schedule short-term transactions. Customers without long-term firm rights (or other short-term firm rights) may need to rely on non-firm service, which should be exposed to reduced curtailment risk due to BPA's proposal to deploy third party redispatch before curtailing schedules, compared to a policy that would curtail non-firm schedules before deploying third party redispatch.

TransAlta Comment

Further, TransAlta believes the "all-or-nothing" approach of denying hourly firm service is convenient for Bonneville to implement at market participants' expense. Using an example discussed at the July 12th meeting, Bonneville is proposing to simply deny all hourly service requests, instead of evaluating redirects that could utilize customers' existing firm rights on the SOA flowgate.

Transmission Services' Response:

While BPA has considered the benefit customers derive from the ability to engage in flexible marketing activities using hourly firm, BPA must also consider the alternative products available to customers, as well as the increasing risk of reliability events on SOA and the prospect of having to make costly infrastructure investments at ratepayer expense to address a growing reliability risk on the SOA flowgate.

BPA's consideration of SOA congestion indicates that continuing to make hourly firm available at WECC preschedule, which has the potential to make congestion conditions worse during times of anticipated congestion, would fail to fully address the reliability concerns associated with SOA, even though doing so

would facilitate customer marketing flexibility. BPA's proposal to deploy third party redispatch service (expected to provide about 100 MW of SOA flow relief) before curtailing schedules should reduce curtailment risk, a factor that will be assessed during the Pilot.

When hourly firm is not available, BPA's current system prohibits a redirect that has a non-*de minimis* impact on the SOA flowgate, even if the flow impact of the redirect reduces flows on SOA compared to the flow impact that would occur if the parent right was exercised. That is, BPA's system does not "net" the flow impacts of the redirect against the parent right when BPA stops making hourly firm available. BPA intends to have additional stakeholder discussions on this issue in order to reevaluate this policy.

TransAlta Comment

As described in the Requesting Transmission Service out for comment business practice introduction, TransAlta objects to using the Transmission Loading Relief Avoidance tool in preschedule, because it could often be forecasting congestion days in advance, like for weekend preschedule days. It was originally designed to manage congestion on Network Paths as it happens or in coming hours. Bonneville is inappropriately proposing to repurpose this tool without any plans to publicly test and benchmark its accuracy for preschedule use.

Transmission Services' Response:

BPA's TLRA policy has been in existence and available to manage congestion for the better part of a decade, although BPA has deployed the TLRA tool infrequently. When feasible, BPA has usually relied on curtailments and redispatch to manage congestion events.

The proposed change is not a change in BPA policy, but rather a defined criterion under which BPA will deploy the TLRA tool under the SOA non-wires pilot program (Pilot) in historically high risk months. Although the actual number of hours of redispatch deployment is uncertain, the deployment is expected to be infrequent. BPA expects to deploy the TLRA tool under the Pilot approximately 40 hours during the months of July, August, and September, during afternoon hours when high flows occur on SOA and third party redispatch resources are being deployed.

BPA has discussed the purpose and scope of the Pilot with stakeholders at public meetings spanning several months and provided opportunities for customers to comment, including on the corresponding changes to business practices needed to implement the Pilot. BPA expects to prepare an analysis of the efficacy of the Pilot and make it available to stakeholders for discussion and comment after each summer period. This will provide an opportunity to make appropriate adjustments in policy over the course of the Pilot, if needed.

TransAlta Comment

The SOA Non-wires Redispatch Pilot Program is designed to test the effectiveness of non-wires congestion management tools. By denying hourly firm service and potentially suppressing normal market activity, Bonneville will not be testing the pilot based on actual congestion and its true effectiveness will remain uncertain.

Transmission Services' Response:

The purpose of the Pilot is to test the ability of third party resources to provide effective flow relief on SOA. The ability to provide flow relief is independent of marketing activity. Some change in marketing activity is anticipated as a result of not making hourly firm available. BPA expects customers that previously relied on hourly firm to rely on non-firm hourly or other short-term services instead.

If customers rely on non-firm instead of hourly firm, which are priced the same, SOA flows should remain at levels similar to those which would have occurred in the absence of the Pilot because the 100 MW of anticipated flow relief from third party redispatch should provide adequate flow relief to manage congestion on SOA, barring a major outage.

Powerex

Powerex Comment

Powerex joined the July 26th BPA Transmission call regarding Version 30 of the "Requesting Transmission Service Business Practice", which clarifies how the South of Allston Non-wires Redispatch Pilot Program affects requests for hourly firm services. On the call, Powerex noted that Version 30 of the Requesting Transmission Service Business Practice contains previous red-lined changes from Version 29 that have not been addressed. Specifically, Version 29 introduced red-lined language on Reservation Timelines, introducing the STF-Monthly PTP Fixed and STF-Monthly NT Fixed Transmission Service Product (Section G., pg. 13). Powerex had previously provided comments on Version 29 of the business practice, and to date these comments have not been addressed. Powerex is therefore re-submitting our comments on Version 29 in this e-mail, with additional comments on Version 30.

1. Powerex Re-submitting Comments on Version 29 of the Requesting Transmission Service Business Practice: STF-Monthly PTP Fixed, STF-Monthly NT Fixed Transmission Service Product (previously sent to BPA June 21, 2016)

   Powerex submits the following comments with regard to BPA's proposed changes to the Simultaneous Submission Window Processing (Version 2) and Requesting Transmission Service (Version 29) Business Practices in order to reflect BPA's decision to extend the firm reservation submission window for monthly service from 60 days to 365 days for both NT and PTP through the creation of a new "Fixed" monthly product:

   Firstly, Powerex would like to better understand Bonneville's proposal for the new "Fixed" monthly product. Additional information regarding the reasoning and objectives for the proposal would assist customers in providing more substantive comments. Powerex would therefore appreciate if BPA explained the reasoning and objectives for the new "Fixed" monthly product.

   Secondly, the introduction of a new "Fixed" monthly product in addition to retaining the existing "Extended" monthly product appears to introduce a number of potential issues:

   1. Powerex assumes that a customer requiring six months of service starting 90 days from the time of submission will be required to submit six separate TSRs under the new "Fixed" monthly product, each with a conditional period of up to one month prior to the start of service. Please clarify and confirm.

   2. Powerex is not clear on how a duration competition would work between a Fixed monthly product and an Extended monthly product. Using the example of a customer requiring 6-months of service starting 90 days from the time of submission and requiring 6 separate TSRs, assume the requested path is constrained and a competing customer submits a seven and one-half monthly extended request for the same capacity 45 days prior to the start of service. In such a case:

a. How would a duration competition take place between the extended monthly and fixed monthly requests?

b. Can a Fixed monthly product match the duration of an Extended monthly product that ends mid-month?

c. Would all six existing single month requests be flagged as competing simultaneously as all of them would need to be displaced at the same time to award the longer duration Extended monthly Service?

Given these concerns, Powerex suggests that Bonneville explore alternatives to the proposal. Bonneville could consider modifying the purchase window for the existing Extended Monthly product by changing the no-earlier submission time from 60 days to 11 months and introduce a new restriction requiring the stop time of the TSR to be no later than 13 months from the time of submission rather than producing a new Fixed monthly PTP product that may only be purchased for a single, fixed month at a time. This should accomplish the same goal of permitting customers to request transmission earlier while also keeping those requests within the short-term ATC calculation timelines for Bonneville. It also eliminates the inefficiency of requiring multiple TSRs for longer service durations and the complications with the competition process against numerous conditional requests.

Powerex may have further comments once we understand the reasoning and objectives for this product, and we recommend additional stakeholder engagement to explore alternatives to the new "Fixed" monthly product.

Transmission Services' Response:

BPAT previously posted its response to these comments at: https://transmission.bpa.gov/ts_business_practices/Content/PDF_files/Requesting/Requesting_V29_RCC.pdf

After this comment period, BPA conducted additional testing with the extended product and found that this product could be utilized instead of the fixed product to allow customers to obtain monthly service much earlier. Testing regarding competition was completed and the updated window was deployed on 9/13/16.

References to the fixed product will be deleted from the final version of this business practice. BPA apologizes for the confusion.

Powerex Comment

2. Powerex Comments on Version 30 of the Requesting Transmission Service Business Practice

On the July 26, 2016 call regarding Version 30 of the Requesting Transmission Service Business Practice, Powerex noted that the proposed changes to Section I.2.c. state that BPA may deny requests on affected Network paths in which it forecasts or experiences congestion:

I. Short-Term and Hourly TSR Process

…2. Hourly firm and Non-Firm Requests
a. Hourly requests can be shaped.
i. 0 MW is a valid demand in a shaped Hourly TSR.
b. The duration of an hourly TSR is the period of time between the requested start and stop times.
c. Hourly requests are not evaluated for Network flowgate impacts, except for Transmission Loading Relief Avoidance. Using Transmission Loading Relief Avoidance, BPA may deny hourly firm or non-firm requests, including redirects, for specified affected Network paths for hours in which BPA forecasts or experiences congestion.
d. Monthly, Weekly, and Daily short-term non-firm requests cannot be shaped…

On the call, Powerex asked if the proposed red-lined text in sub-bullet c. would only apply if the requests have *a non-de-minimis impact on the affected flowgates*. BPA responded that, yes, the intention was that BPA may deny hourly firm or non-firm requests, including redirects, for specified affected Network paths for hours in which BPA forecasts or experiences congestion, but only if the requests have a non-de-minimis impact on the affected flowgates. BPA stated that they would amend the Business Practice text to clarify their intentions. Therefore, Powerex requests that BPA update the proposed Version 30 of the business practice to clarify sub-bullet I.2.c. so that it states that BPA may deny hourly firm or non-firm requests, including redirects, for specified affected Network paths for hours in which BPA forecasts or experiences congestion, but only *if the requests have a non-de-minimis impact on the affected flowgates.*

Transmission Services' Response:

BPA will make the suggested edit to the business practice.

Powerex Comment

Furthermore, a firm redirect request should not be denied if the overall impact on the affected flow gate is non-de-minimis, and does not cause a net change to the affected flowgate. This denial of service for redirects is restricting the use of transmission service that was already purchased across the affected flowgate and does not affect the congestion on the Network Paths.

Powerex thanks Bonneville Transmission for reaching out to customers on proposed Business Practice changes, and appreciates Bonneville being receptive to customer comments, questions and suggestions on draft BPs.

Transmission Services' Response:

When hourly firm is not available, BPA's current system prohibits a redirect that has a non-*de minimis* impact on the SOA flowgate, even if the flow impact of the redirect reduces flows on SOA compared to the flow impact that would occur if the parent right was exercised. That is, BPA's system does not "net" the flow impacts of the redirect against the parent right when BPA stops making hourly

firm available. BPA intends to have additional stakeholder discussions on this issue in order to reevaluate this policy.

PNGC

PNGC Comment (submitted June 20, 2016)

We understand that BPA intends to restrict hourly firm (and nonfirm) sales during the months of July, August, and September during forecasted congestion events. These are the very months that we have the most trouble getting firm transmission. For example, we have a 20 MW year-long purchase starting in October of 2016. We requested transmission for this DNR quality purchase and were granted all months EXCEPT July, August, and September. Our next step under today's regime is to wait until the monthly window opens May 1, 2017 to request monthly firm service for those 3 months.

Once we are in the short term window, however, there is no netting against our confirmed TSRs or the FCRPS. Requests are considered on their POR-POD so we lose the value of any encumbered capacity.

Transmission Services' Response:

BPA is aware of the difference between its long-term and short term ATC systems and is working to conform these two methodologies.

There is no proposal to restrict 6NN service for NT customers serving load. For the Pilot, BPA is not proposing to change either 6NN or non-firm transmission service policies.

When hourly firm is not available, BPA's current system prohibits a redirect that has a non-de minimis impact on the SOA flowgate, even if the flow impact of the redirect reduces flows on SOA compared to the flow impact that would occur if the parent right was exercised. That is, BPA's system does not "net" the flow impacts of the redirect against the parent right. BPA intends to have additional stakeholder discussions on this issue in order to reevaluate this policy.

PNGC Comment (submitted June 20, 2016)

Once we are denied that monthly service, we wait until the weekly window opens. Our experience is that we will get some weekends in these months but are forced to use the unlimited hourly firm transmission product to move our firm, DNR quality power.

Thus, limiting hourly firm across SOA in these summer months will put NT customers in a much worse position than it BPA had sold hourly, and then curtailed. If BPA offers hourly firm and then curtails, NT would be redispatched and PTP would be curtailed. This result gives NT the priority it is entitled to.

We also would not be subject to penalty rates on the power side of the house if we are subject to redispatch but would be if we just can't schedule power as proposed. Simply stopping all hourly firm puts NT in a far inferior position.

Transmission Services' Response:

BPA expects that NT customers that use hourly firm to serve load will rely on 6-NN service, rather than 1-NS or 2-NH, if hourly firm is not available. Some customers market power from generators that lack long-term PTP service (or daily, weekly, or monthly firm PTP service) and thus will have to rely on non-firm

(1-NS or 2-NH) service. Thus, BPA expects a substantial increase in the amount of non-firm service on SOA, which would be curtailed ahead of 6-NN service. Further, BPA proposes to deploy third party redispatch resources before curtailing schedules thereby providing additional curtailment "cushion" to all customers.

Thus, for these two reasons, BPA believes the risk of curtailment of 6-NN service (and therefore the risk of a penalty) should be substantially less when BPA stops making hourly firm available under the Pilot than the risk of curtailment of hourly firm in the absence of the Pilot.

PNGC Comment (submitted June 20, 2016)

In order to protect NT customers from the harmful impacts of limiting hourly firm sales, BPA should consider either:

1. Fix the NT product as outlined above to remove the need for unlimited hourly firm,

Transmission Services' Response:

BPA is working to conform its LT and ST methodologies.

PNGC Comment (submitted June 20, 2016)

2. Not stopping hourly firm sales and rely on NT redispatch and PTP curtailments,

Transmission Services' Response:

BPA will continue to rely on NT redispatch and curtailments when necessary to manage congestion. The effect of the Pilot is to increase the amount of redispatch available from third parties. Because these resources will be deployed before curtailment or NT redispatch, the risk of needing curtailment or NT redispatch to manage SOA flows is substantially reduced compared to existing conditions.

Not making hourly firm available is necessary to avoid incurring costs to redispatch third party resources to manage a congestion event potentially exacerbated by selling hourly firm when a congestion event is anticipated.

A goal of the SOA non-wires pilot program is to help mitigate the need for the I-5 Reinforcement Project, which redispatch of the FCRPS/NT resources and curtailments do not adequately address.

PNGC Comment (submitted June 20, 2016)

3. Stopping hourly firm for PTP only, or

Transmission Services' Response:

Not making hourly firm available is necessary to avoid incurring costs to redispatch third party resources to manage a congestion event potentially exacerbated by selling hourly when congestion on SOA is anticipated.

BPA believes it could not stop selling hourly firm PTP, but continue selling unlimited hourly firm to NT customers without: (i) jeopardizing the efficacy of the Pilot; or (2) exposing BPA to a risk of claims that it was discriminating in favor of NT service. BPA believes NT customers relying on 6NN service over the SOA flowgate are well protected from curtailment for the reasons stated above.

PNGC Comment (submitted June 20, 2016)

4. Find other solutions that insulate NT customers from financial consequences (e.g. Unauthorized Increase Charge, penalties under NR ESS) of not having a transmission path because hourly firm transmission was limited.

Transmission Services' Response:

There are two key mitigating factors that affect NT customers that use SOA to serve load: (1) the risk of curtailment of 6-NN service is substantially less than the risk of curtailment of hourly firm in the absence of the Pilot because of the expected substantial increase in non-firm service from generators that lack longer term firm service; and (2) BPA's policy to deploy third party resources before curtailing schedules protects all schedules, including 6-NN and non-firm (1-NS, and 2-NH) service.

EWEB

EWEB Comment (submitted June 20, 2016)

In BPA's May 23, 2016 Non-Wires Meeting, BPA explained its plan to stop hourly firm transmission sales over the SOA path for the deployment time period at pre-schedule. EWEB has been relying on BPA's hourly firm and non-firm transmission to bring our WGA (James River) resource to EWEB load.

On May 31, 2013 EWEB requested annual long term firm NT transmission for WGA which qualifies as a Designated Network Resource (DNR) from April 1, 2016-April 1, 2021. We received a counteroffer for September 1, 2016 through June 1, 2017, leaving us at risk and unable to take WGA generation to load the months of June-August.

Under today's BPA business practices our only option is to wait until the monthly reservation window opens April 2017 to request monthly firm for those three months. Once we are in the short term window; however, there is no netting against our confirmed TSRs or the FCRPS as we would receive for a longer term request. Requests are considered on their POR-POD path so we are not able to access any previously encumbered transmission capacity. If we are denied the monthly service, which is the likely situation, EWEB must wait until the weekly window is open to access any firm transmission. For the times during the week that we are unable to access the weekly transmission capacity we must use BPA's currently practice of providing unlimited hourly firm transmission to bring our firm DNR home to serve load.

Limiting hourly firm across SOA in these summer months will put NT customers in a much worse position than if BPA had sold LTF hourly, and then curtailed. If BPA offers hourly firm and then curtails, NT would be redispatched and PTP would be curtailed. This result gives NT priority as described under its tariff. In addition, EWEB would not be subject to penalty charges (energy imbalance for EWEB but other charges for load following customers) from having a generation flow and load without transmission.

We encourage BPA to:

1. Fix the NT product as outlined above to remove the need for unlimited hourly firm (for example, eliminate the NT reservation windows consistent with the pro forma tariff),
2. Continue selling hourly firm transmission and rely on NT redispatch and PTP curtailments to manage congestion,
3. Stop selling hourly firm PTP transmission only, or
4. Find other solutions that insulate NT customers from financial consequences of not having a transmission path because hourly firm transmission was limited.

These options will retain NT's priority. We believe that stopping hourly Firm for NT on any path prior to full implementation of Transmission Load Service (TLS) initiative is a hardship to NT service and should not be done.

Transmission Services' Response:

See BPA's responses to comments from PNGC above.