

October 29, 2020

RE: Comments on the Bonneville Power Administration's September 24, 2020 Conditional Firm Service Workshop

On September 24, 2020, BPA held a workshop for customers to provide background on how Conditional Firm Service ("CFS") operates and how BPA implements CFS on its system.¹ Powerex had previously requested in several comments that BPA hold such a workshop, and Powerex appreciates BPA responding to these requests. The overview and detail provided in BPA's presentation was excellent, and BPA staff's willingness to discuss various areas of concerns was particularly useful and collaborative.² Powerex believes that based on the positive dialogue with staff during the workshop that there is an opportunity for stakeholders to work with Bonneville in development of a policy that is in the best interests of the region and beneficial for long-term customers taking CFS service, while maintaining consistency with FERC requirements for the service. Powerex offers the following comments in response.

On several occasions, Powerex has raised concerns about the treatment of Reassessment CFS ("R-CFS") under Bonneville's Conditional Firm Transmission Service Business Practice, specifically that R-CFS requests should retain their long-term queue positions thereby retaining their ability to remain eligible for their service to become "firmed up" should sufficient long-term firm capacity become available to alleviate the system conditions or "number of hours" conditions on the R-CFS.³ Powerex understands that R-CFS and Bridge CFS ("B-CFS") receive priority and are eligible for short-term capacity that may become available, however the allocation of available long-term capacity has not been adequately resolved. On this issue, Powerex appreciated the discussion during the workshop, and agrees with BPA's acknowledgement that FERC policy on this discrete issue is not definitive and that BPA is making a policy decision in its current approach to remove a long-term firm TSR from the queue should the customer accept R-CFS.

Given the significant impact of this issue for all PTP customers who accept CFS and the fundamental nature of the transmission rights at stake, Powerex believes that this particular policy decision requires further dialogue and consultation with the region and stakeholders. An opportunity exists for Bonneville and its customers to work towards a policy decision that is in the best interests of long-term customers and which is consistent with FERC's intent for CFS. Powerex believes that FERC has provided guidance and discretion allowing Transmission Providers to specify, under their tariffs, how newly-available long-term firm capacity will be allocated to existing CFS and other queued customers.⁴ While revisions to BPA's tariff are considered and adopted in terms

¹ See Bonneville Power Admin., Conditional Firm Transmission Service (Sept. 24, 2020), <https://www.bpa.gov/transmission/Doing%20Business/ATCMethodology/Pages/Meetings.aspx>.

² See Bonneville Power Admin., Response to Comments on Version 24 of the Conditional Firm Business Practice (2020).

³ See, e.g., Powerex Comments on Conditional Firm Transmission Service Business Practice, Version 24 (March 19, 2020); Bonneville Power Admin., Response to Customer Comments – Conditional Firm Transmission Service, Ver. 24 (April 30, 2020).

⁴ Powerex suggests that future discussion should address whether revisions to BPA's OATT are necessary to clarify how BPA's queue operates with B-CFS and R-CFS. See Order No. 890-B at P 126 (stating that transmission providers submit "tariff provisions" to address the allocation of long-term transmission capacity to CFS customers); *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676-E, FERC Stats. & Regs. ¶ 31,229 at P 68 (2009) (stating that transmission providers should make "an appropriate filing with the Commission" to address the allocation of long-term firm capacity to CFS customers).

and conditions proceedings every two years, Powerex urges BPA to hold the appropriate process that provides customers an opportunity to collaborate in the development of the policy and make progress towards a policy decision as soon as practicable. Powerex believes it is imperative that Bonneville remedy the disparity in the treatment of R-CFS in the long term queue in an expeditious manner. Powerex has appreciated Bonneville's strong commitment to collaboration and its overarching formal policy commitment to maintain the value of its transmission services, and Powerex believes that a collaborative approach to policy decisions is beneficial for BPA and for customers.

Powerex agrees with the starting proposition that B-CFS or long-term customers paying for upgrades should receive priority access to the ATC created by the upgrades. Powerex's discussion of the need to firm-up R-CFS is not intended to impact the B-CFS or long-term customers' access to ATC created by the upgrades, but instead centers on the situation in which lower-queued TSRs obtains unconditional LTF service when a higher-queued R-CFS customer continues to pay LTF transmission rates in full while receiving inferior service. Powerex therefore believes that R-CFS requests should remain in the long term queue and based on queue order should receive any long term capacity that may become available due to a non-renewal of long term service or residual capacity (after fulfilling priority requests paying for upgrade) from a facility upgrade. Powerex reiterates that it believes that Bonneville should review all of the CFS agreements, and if any capacity on a long-term basis is made available then it should be offered in queue order by Bonneville regardless if it is a long-term request in study state, a B-CFS reservation, or a R-CFS reservation. Bonneville should review the existing long-term queue before tendering service on a new long-term request to ensure that earlier requests in the queue are not skipped in awarding of partial or full capacity. Powerex believes the "firming up" of CFS in such circumstances is the only approach that can be shown to be consistent with FERC's intent of CFS and the cornerstone first-come, first-served principle embodied in BPA's tariff.

BPA's presentation helpfully outlined how BPA uses long-term and short-term ATC management paradigms. For short-term (0-13 months), CCO Module functionality with OATI WebTrans allows automation of short-term ATC calculations and for short-term firm ATC to firm up CFS. Powerex supports this implementation and functionality. For long-term ATC management, the process remains manual. In the manual assessment and implementation of long-term CFS, BPA uses a Transmission Service Number (TSN), a placeholder, to ensure that customers with B-CFS retain their queue position even after the customer accepts this service. With the queue position, the B-CFS customer's TSR remains eligible for long-term firm ATC returned to inventory.⁵

In further discussions pertaining to BPA's conditional firm service, Powerex believes that Bonneville could explore utilizing the TSN methodology for retaining R-CFS queue position similar to the retention of the B-CFS queue position. This approach appears to be a workable implementation solution upon a policy decision to allow R-CFS to be firming up.

Finally, as Powerex mentioned during the workshop, we would appreciate additional consideration and discussion relating to the possibility of customers seeking a long term Yearly replacement request to combine multiple, near identical long term CFS awards where they overlap and the conditions are the same. Powerex understands this would require manual review but believes it would occur very infrequently. By permitting this, BPA can reduce the burden on all parties with fewer OASIS reservations needing to be used and evaluated for tagging and redirects. We understand it would only be permitted after a proper review has shown that the

⁵ See Bonneville Power Admin., Conditional Firm Transmission Service at Slide 27 (Sept. 24, 2020),



new amalgamated request would remain consistent with the conditions of the original agreements and that the request would not adversely impact any other customer.

Again, Powerex appreciates BPA holding workshops on this important topic and looks forward to further discussions with BPA and stakeholders.

Sincerely,

Raj Hundal

Market Policy and Practices Manager