

Comments of California Independent System Operator
Following
BPA Transmission Southern Intertie Hourly Non-Firm Workshop
Of December 17, 2015

The California Independent System Operator (ISO) appreciates the opportunity to provide comments following Bonneville Power Administration's (BPA) December 17, 2015, Southern Intertie Hourly Non-Firm Workshop. The ISO supports BPA's work to resolve its customers' concerns. Slide 10 of BPA's presentation at this workshop identified four alternatives that BPA staff is leaning towards, as a combination of both rate and non-rate alternatives. BPA's concluding slides invited comments on workshop participants' support for or opposition to the various alternatives that BPA is considering. At the initial workshop on September 29, the ISO described that its goals are to maintain reliability and open, transparent, non-discriminatory markets. Among the four alternatives that BPA staff is leaning towards, the ISO has not identified issues that would conflict with the ISO's roles.

The ISO does not anticipate advocating for or against many of the alternatives that BPA and workshop participants have identified, but assumes that BPA and its customers will recognize the tradeoffs that some alternatives present, among BPA's overall set of alternatives. For example, a rate design change that is based on usage during "high value hours", instead of BPA's current methodology, could change the competitiveness of imports from the Pacific Northwest, relative to other resources that compete in the ISO's markets. The ISO's markets award energy schedules and the supporting transmission service within the ISO's BAA based on overall economic merit within the market's energy requirements and transmission capacity, which is a composite of many factors that affect the bid prices. If BPA were to sell hourly non-firm service on the Southern Intertie only once, customers may be disadvantaged in scheduling energy between BAAs but may gain an advantage in being less subject to curtailment. Similarly, eliminating BPA's HNF interruption credit due to curtailment may increase some customers' costs of transmission service but increase the certainty of costs that they will incur. Changing the release time of hourly non-firm capacity could impact BPA customers' scheduling practices but could be beneficial in regional market functions if properly coordinated with neighboring BAAs' timelines.