

**To: Daniel Fisher, BPA Power Rates Manager**

**From: Blake Weathers, Resources and Planning Director for Northwest Energy Management Services and Greg Mendonca, Vice President of Power Supply for PNGC Power**

**Re: Comments Regarding BPA's Proposed Modifications to Transmission Curtailment Management Service and Unauthorized Increase Charge**

**Date: August 23, 2016**

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Mr. Fisher:

The following comments are in response to the materials presented by BPA and PNGC at the BP-18 Power Rates Workshop held on August 9, 2016. Northwest Energy Management Services ("NEMS") represents twenty-one Load Following customers located in four states. NEMS is responsible for managing our members' non-federal power supply and related transmission service requirements. Pacific Northwest Generating Cooperative ("PNGC") is a generation and transmission cooperative serving our 15 members'<sup>1</sup> net requirements for both power supply and transmission.

**BPA's Proposed Modifications to Transmission Curtailment Management Service**

As you are aware, Transmission Curtailment Management Service ("TCMS") is currently limited to firm transmission schedules, which significantly limits a Load Following customer's ability to deliver "Seller's Choice" market purchases to load. Thus, NEMS and PNGC appreciate BPA's proposal to expand its current TCMS by applying it to non-firm transmission schedules. This modification will provide better options for Load Following customers who are interested in serving Above High Water Mark Load from non-federal resources.

At the workshop, BPA indicated the TCMS proposal would modify how BPA prices TCMS. In short, BPA stated that it would apply a similar 'band' pricing structure that is used by BPA's Transmission Services to assess Energy Imbalance charges. When NEMS staff questioned whether BPA was planning to apply the 'band' pricing to non-firm transmission schedules only and continue to apply the current TCMS pricing to firm transmission schedules, BPA indicated that it would apply the 'band' pricing to *both* transmission types. NEMS and PNGC disagree with this approach and believes **BPA should continue to price TCMS for firm schedules based on its current pricing methodology** for the following reasons:

- BPA stated that the reason for applying the 'band' pricing to both transmission types was due to the potential confusion that two pricing structures may cause for BPA's billing staff. We challenge this assumption since it is actually the Power Services "GTA" Desk that provides the scheduling, curtailment, and pricing data to the billing department to input on customer's bills.

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<sup>1</sup> As of the beginning of BP-18 Rate Period

The GTA Desk is highly competent in deciphering the nuances between firm and non-firm transmission and could easily provide this to the billing department without errors or omissions.

- As part of the longstanding Regional Dialogue policy, BPA has encouraged its customers to develop long-term resources to serve Above-RHWM Load. In the event that Load Following customers follow this policy from BPA and develop long-term resources, they will ultimately use firm transmission to deliver those resources to load. By applying 'band' pricing to firm transmission, BPA is sending yet another single to Load Following customers that they are no better off by developing specific resources and using firm transmission.

#### **PNGC Proposal on Unauthorized Increase Charge**

PNGC also presented a proposal at the workshop that would modify how BPA applies its Unauthorized Increase Charge ("UAI") for transmission curtailments for Load Following customers. In short, the proposal would charge Load Following customers at a banded pricing that is similar to BPA Transmission Services' Energy Imbalance charge. This pricing structure would thus be used in lieu of a UAI and would apply to curtailments that occur after T-minus 30 for the next hour.

**NEMS supports the PNGC proposal**, as it provides the same treatment to Load Following customers to that of Slice/Block customers. This proposal is also critical for allowing Load Following customers to potentially opt out of Transmission Scheduling Service, which provides much greater flexibility with no significant impacts to BPA or its other customer groups. Furthermore, the proposal is straightforward and should be easy to implement. Therefore, we encourage BPA to include this proposal as part of the BP-18 Initial Proposal.

Thank you for the opportunity to comment on these issues. We look forward to discussing them with you in person or at a future workshop. Please let me know if you have any questions.

Regards,

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NEMS

Greg Mendonca  
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PNGC