



www.publicgeneratingpool.com
thampton@publicgeneratingpool.com

July 3, 2013

VIA EMAIL

Kim Leathley
Vice President, Transmission Marketing and Sales
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

RE: Short-term Preemption & Competition

Dear  Ms. Leathley,

PGP is writing in regard to the Bonneville Power Administration's (BPA) efforts to develop and implement an automated system for conducting Short-term Preemption and Competition (PCM) to allocate transmission capacity according to Federal Energy Regulatory Commission (FERC) priority standards when capacity is constrained. Each of the PGP member utilities has varying interests, sometimes in opposition to each other, regarding the standards and methods for implementing Short-term Preemption and Competitions. However, we share a common interest in assuring that the effects of implementation are well understood and the risks of unintended consequences are minimized.

PGP recognizes the significant effort BPA has invested in developing the PCM and engaging with customers. We appreciate BPA's responsiveness to our concerns and applaud the recent decision to delay implementation. As regional utilities we are interested in a broader and more comprehensive discussion on key issues that may affect the implementation of Short-term Preemption and Competition. We therefore request BPA indefinitely delay implementation of the PCM until the following issues can be addressed.

Impact Assessment

BPA Transmission Services is in the process of implementing a number of initiatives that could significantly impact the processing of firm transmission service requests, planning assumptions, and customer behavior. In addition to the Short-term Preemption and Competition process, BPA Transmission Services is also working to:

- Incorporate new flow gates into existing Available Transfer Capacity ("ATC") analysis;
- Limit hourly firm transmission sales;
- Procure additional balancing reserve capacity;
- Deploy systems that will enable customers to provide balancing reserves from third party suppliers;
- Roll out 15 minute scheduling within its Balancing Authority Area; and
- Automate ATC calculations;

These initiatives are interrelated with varying degrees of overlap, from transmission policy and business practices, to implementation and systems. A seemingly simple modification in one process could require changes to assumptions and business practices or create unintended consequences in other areas. Our overarching concern is that the implementation of each of these initiatives has only been explored

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individually, with limited attention given to the overall impact or impacts these changes could create. As a result, we request that BPA engage its customers in a cross project dialogue that facilitates discussion of the above mentioned issues in a single forum. As part of that process, we request that BPA perform a thorough impact assessment based on historical data that incorporates the effects of the aforementioned initiatives. By doing so, BPA will then have the opportunity to work with its customers to “stress test” the PCM to identify any functionality or marketplace impacts.

National Standard

North American Energy Standards Board (NAESB) is currently working toward the development of national standardized rules that will be used to develop an automation tool for Short-term Preemption and Competition. It is our expectation that the NAESB process will differ substantially from the current automation capabilities of the PCM. We have concerns that the implementation of two vastly different PCM modules will create confusion for the region, which could cause unnecessary disruptions in the short-term marketplace. PGP believes BPA should delay implementation of PCM until NAESB finalizes the national standards, so BPA can deploy an effective and functional set of tools and processes.

Criteria for Implementation

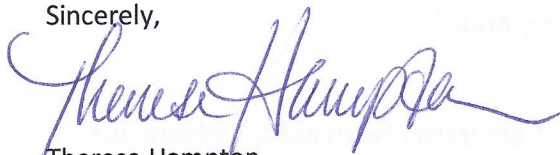
PGP recommends that BPA adopt a more deliberate and synchronized implementation of the PCM. We request that BPA conduct the following activities prior to implementation of the PCM:

- 1) Provide a single forum for regional conversation regarding the cumulative effects of the multiple projects and initiatives currently underway by Transmission Services;
- 2) Gather historical seasonal data, based on the changes arising as a result of the provision of third party balancing services, limitation and automation of ATC, and the addition of new flow gates on BPA’s network;
- 3) Develop a table top exercise for BPA’s transmission customers to stress test PCM based on the historical data gathered above; and
- 4) Perform an after action review to ensure BPA’s PCM functionality is consistent with the final NAESB standards.

PGP believes that accomplishing these activities will satisfy the need to better coordinate and synchronize implementation of PCM with the numerous initiatives underway at BPA and NAESB. In doing so BPA and the region will be better situated to respond to and absorb these changes with fewer disruptions and greater success.

PGP recognizes that BPA proposed a deadline for implementation of PCM to FERC in its tariff filing. If needed, the PGP member utilities stand ready and willing to work with BPA to communicate to FERC and others, the reasons the Agency is requesting an extended delay.

Sincerely,



Therese Hampton
Executive Director, Public Generating Pool

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Cc:

Larry Bekkedahl - T

Bob King - TSP

Rich Gillman - TSP

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