

**BPA Southern Intertie Hourly Non-Firm Transmission
Public Generating Pool Comments
December 4, 2015**

PGP appreciates the time and attention BPA has expended discussing the seams issues that stand to jeopardize the long-term value of the Southern Intertie and customers' financial investment in long-term firm transmission rights. PGP and its members also appreciate and find value in the range of considerations and opportunities BPA has provided when evaluating the issue.

BPA's draft White Paper¹ provides sufficient background, context and alternatives to begin documenting the issues being discussed. While PGP does not have concerns regarding the background/context and alternative descriptions, PGP has some requests regarding the process in which the seams issues will be addressed. These requests are listed below.

Scope of Draft White Paper

In the draft White Paper, BPA states that customers have identified three distinct seams between BPA and CAISO and BPA and other OATT transmission providers that affect the value of long-term firm transmission service on the Southern Intertie:

- 1) BPA does not limit use of firm reservations during line de-rates.
- 2) BPA's hourly non-firm Southern Intertie product has the same NERC priority as the long-term firm product in the adjacent CAISO Day Ahead Market.
- 3) OATT transmission providers do not recognize the curtailment priority of neighboring OATT transmission providers.

BPA also stated in the White Paper and at its Southern Intertie Hourly Workshop on November 23, 2015, that the scope of the immediate seams issues to be addressed is limited to Seams Issue #2. BPA has further stated that Seams Issues #1 and #3 will be better "addressed in a separate process." **PGP asks BPA to specify the forum, process, timeline, and communication plan for addressing Issues #1 and #3 as soon as possible.**

Seams Issues #1 and #3 are operational in nature and are directly impacted by line de-rates, curtailments and curtailment priority. Solutions adopted to address Seams Issue #2 must be evaluated in parallel with Seams Issues #1 and #3 to ensure none of the issues are exacerbated, or conflict with actions under consideration to address them. It is imperative that BPA transmission operators' experience and perspective be considered when determining that solution. **We encourage BPA to fully examine and be able to explain the linkage between any possible rate solution and its likely operational impacts.**

Transparency

PGP, along with several other customers, have expressed strong interest in BPA working collaboratively with neighboring BAs to solve the identified seams issues. In the White Paper, BPA states that it will be pursuing collaborative solutions in ongoing discussions outside of this process. **PGP requests that BPA commit to pursuing collaborative solutions in an open and transparent process. PGP's members, who are transmission customers of BPA, believe it is important that BPA include its customers in the formation, evaluation, and strategic delivery of alternatives as they relate to the CAISO and other OATT transmission providers.**

¹ BPA Draft "Regional White Paper: Presentation and Analysis of Southern Intertie Hourly Non-Firm Alternatives," dated November 17, 2015.

BPA Power Services Involvement

We continue to urge direct engagement of BPA Power Services in this process as an interested transmission customer. As a CAISO scheduling coordinator and large southern intertie transmission rights holder, BPA Power Services is among the best situated entities to provide insight into the CAISO market, especially at its seams with Northwest transmission assets.

Once again, PGP appreciates and strongly values the collaboration BPA has facilitated with its customers thus far and looks forward to further engagement and exchanging of ideas and concepts as we work together towards effective solutions.