

November 13, 2020

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Submitted via email to techforum@bpa.gov

Re: BP-22 Transmission Loss Settlement Response

Dear Richard and Tina,

On October 30, 2020, Bonneville posted an offer of settlement to resolve issues pertaining to BP-22 transmission losses. The settlement offer, like Bonneville's expected initial proposal for the BP-22 rate proceeding, would impose a novel capacity charge for 168-hour delayed in-kind loss returns. Powerex cannot support the implementation of a new capacity charge on transmission customers for delayed in-kind loss returns without customers being afforded a self-supply mechanism, such as the option to provide concurrent in-kind loss returns. Powerex notes that during the BP-22 workshops it urged Bonneville to provide a concurrent in-kind loss return option (and/or other potential mechanisms) that would permit customers to continue to supply in-kind losses without further financial implications.¹ It is imperative that customers be provided a mechanism to return transmission losses in the most cost effective manner—especially when they can do so effectively and reliably — and that transmission customers not be forced to procure a capacity product from Bonneville.

¹ *Powerex Corp.*, Comments on the Bonneville Power Administration's September 29, 2020 BP-22/TC-22/EIM Phase III Workshop – Losses (Oct. 13, 2020); *Powerex Corp.*, Comments on Bonneville's June 23-24, 2020 BP-22/TC-22/EIM Phase III Workshops (July 8, 2020); *Powerex Corp.*, Comments on the March 17, 2020 Workshop (Mar. 31, 2020); *Powerex Corp.*, Comments on the December 12th, 2019 BPA TC-22, BP-22 and EIM Phase III Customer Workshop (Jan. 8, 2020).



While Powerex understands that solutions that are outside of industry norms and differ from the *pro forma* tariff may be merited in certain circumstances, we expect that such situations will be relatively rare, and will be the product of a greater level of consensus that a unique solution is necessary and appropriate for the Bonneville transmission system.

Powerex would welcome further discussions with Bonneville and its stakeholders to ensure that Bonneville is not providing uncompensated services to transmission customers, but with the recognition that customers should also not be compelled to purchase products from the transmission provider when they are either not warranted or the customer is able and willing to self-supply. Powerex also would be pleased to collaborate on how Bonneville might implement self-supply options for customers, such as concurrent in-kind loss returns, during the roughly one-year period before the commencement of the BP-22 rate period.

Respectfully,

/Mike MacDougall/

Mike MacDougall
Vice President, Trade Policy and IT