



Bonneville Power Administration

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**Customer Comments on the BPA  
Stakeholder Meeting addressing the  
Imbalance Service public process  
April 11, 2014**

Comments Received from

Iberdrola Renewables, LLC; Portland General  
Electric; Puget Sound Energy, Inc

Posted April 17, 2014

April 11, 2014

**VIA E-MAIL**

Tech Forum  
Bonneville Power Administration

Email: [techforum@bpa.gov](mailto:techforum@bpa.gov)

**Re: Comments of Iberdrola Renewables, LLC, Portland General Electric Company, and Puget Sound Energy, Inc. on BPA’s Consideration of Public Processes for Imbalance Service Rate Case Inputs**

Iberdrola Renewables, LLC, Portland General Electric Company, and Puget Sound Energy, Inc. (the “Commenting Parties”) appreciate the opportunity to provide comments on Bonneville Power Administration’s (BPA) consideration of public processes for imbalance service rate case inputs. In the “Generation Inputs Workshop” presentation, dated April 1, 2014 (the “April 1 Presentation”), BPA states that it needs to decide the process that it will use to:

1. establish the service definition for imbalance service;
2. establish the methodology to calculate the total quantity of balancing reserve capacity needed to provide imbalance service; and
3. establish the methodology to determine the quantity of balancing reserve capacity that can be provided for ancillary and control area services from the FCRPS (“physical feasibility”).<sup>1</sup>

BPA indicated that a new public process would simplify the rates process and separate rates from Open Access Transmission Tariff (OATT) terms and conditions. BPA identified the following four alternative processes for it to establish imbalance service definitions and reserve methodologies:

- Alternative 1: All issues addressed in the rate case – Utilize section 7(i) process to the extent practicable
- Alternative 2: Separate public process (all else remains in the rate case):
  - Establish the service definition for imbalance service
- Alternative 3: Separate public process (all else remains in the rate case):
  - Establish the service definition for imbalance service
  - Establish the methodology to determine the quantity of balancing reserve capacity that can be provided for ancillary and control area services from the FCRPS (“physical feasibility”)

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<sup>1</sup> April 1 Presentation at 45.

- Alternative 4: Separate public process:
  - establish the service definition for imbalance service;
  - establish the methodology to calculate the total quantity of balancing reserve capacity needed to provide imbalance service; and
  - establish the methodology to determine the quantity of balancing reserve capacity that can be provided for ancillary and control area services from the FCRPS (“physical feasibility”).<sup>2</sup>

BPA has requested entities to submit comments “on the appropriate path forward” on or before April 11, 2014.

The “appropriate path forward” for BPA is

- (i) to adopt a *pro forma* OATT Schedule 9<sup>3</sup> and provide imbalance service, to the extent it is physically feasible to do so, from its own resources or from resources available to it;
- (ii) to address in each section 7(i) imbalance rate proceeding the appropriate projections of reserve quantities and costs used in setting rates; and
- (iii) to include in the section 7(i) imbalance rate proceedings an open and transparent process by which BPA and its customers could clearly understand and provide input on the appropriate projections of reserve quantities and costs used in setting rates.

However, it does not appear that any of Alternatives 1-4 encompasses this “appropriate path forward”.<sup>4</sup>

In short, BPA should (1) project, on a planning and operational basis, the amount of reserves needed for imbalance service, (2) set rates for imbalance service in the applicable section 7(i) proceedings, and (3) provide, on a planning and operational basis, imbalance service, to the extent it is physically feasible to do so, from its own resources or from resources available to it.

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<sup>2</sup> *Id.* at 50.

<sup>3</sup> FERC has rejected BPA Schedule 9 as inconsistent with the pro forma OATT:

[BPA’s] Schedule 9 and 10 would give [BPA] virtually unlimited discretion to set a level of imbalance service based on whatever factors and whatever weighting of these factors it deems appropriate. This does not substantially conform with, nor has it been shown to be superior to, Schedule 9 of the Commission’s pro forma tariff.

*Bonneville Power Admin.*, 145 FERC ¶ 61,150 at P 55 (2013).

<sup>4</sup> Indeed, BPA should not limit itself to simply establishing a “methodology to calculate the total quantity of balancing reserve capacity needed to provide imbalance service” and establishing a “methodology to determine the quantity of balancing reserve capacity that can be provided for ancillary and control area services from the FCRPS (‘physical feasibility’).”