



City of Seattle

Your Seattle City Light

November 29, 2012

Bonneville Power Administration – Transmission Services (BPAT)
TechForum@BPA.gov

Subject: BPA Proposed Model for Implementing Automated Short-term Preemption and Competition (“PCM”) by April 2013

Seattle City Light (“Seattle”) appreciates the opportunity to provide comments to the Bonneville Power Administration Transmission Business Line (“BPAT”) on its Proposed Model for Implementing Automated Short-term Preemption and Competition (“PCM”) by April 2013.

As stated previously in the comments of the “Puget Sound Area Customers” submitted March 30, 2012, Short Term Preemption and Competition (“Short-Term Competition”) is a fundamental change in the way BPAT makes short-term transmission available on its system. As such, Seattle urged BPA to approach implementation with extreme caution, taking utmost care to ensure that there are no unintended consequences. Seattle further advised BPA to engage in deliberative discussions with its customers to ensure that BPAT and its customers have a common understanding of the business rules and the potential impacts to what are currently, highly functional short-term power markets.

Since that time, BPAT and its customers have been engaged in a series of customer workshops. Through these discussions, BPAT and its customers have discovered some key process flaws in the PCM business rules. BPAT and its customers have been working through development of modifications to correct these flaws and much of the development work is currently ongoing or incomplete. Moreover, BPA has acknowledged that it is not feasible to complete the development work and incorporate the related PCM software modifications by its target date of April 2013.

Seattle earnestly hopes that BPAT’s proposed method for implementing the PCM by April 2013 without modification significantly reduces the risk of large-scale market disruptions, reliability standard violations, and commercial damages claims. Seattle believes that individual customers may still be exposed to significant risk of harmful, unintended consequences. Furthermore, other processes at the North American Energy Standards Board (“NAESB”) are still underway to develop more comprehensive national standards for



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implementing Open Access Transmission Tariff terms (section 13.2) for Short-Term Competition.

Seattle would therefore prefer that BPA delay its implementation of PCM until all processes, including the NAESB committee process, can be completed.

Furthermore, Seattle believes that important policy issues related to equal access to transmission for load serving entities relying upon different forms of transmission service remain unresolved. In the near term, significant risks to native load service may be low. However, as customers adjust their respective business practices over time to incorporate Short-Term Competition, Seattle believes that equal access to short-term transmission service for load serving entities to deliver power to native load could be significantly compromised. Therefore, Seattle urges BPAT to modify its business rules to ensure equal access to short-term transmission service when it is used to deliver power to native load.

Finally, a key flaw is the treatment of Long-Term Point-to-Point ("PTP") transmission reservations modified for short-term use on alternate Points of Receipt and/or Points of Delivery, commonly known as Redirects. Seattle continues to believe that Redirects originating from modifications to Long-Term PTP transmission reservations should not be subject to Short-Term Competition. However, if BPAT chooses to go forward with implementation of the PCM by April 2013, it is *paramount* that BPAT make its planned accommodations in its billing processes to preclude the forfeiture of transmission capacity rights without compensation. If BPAT is unsuccessful in such efforts, it should postpone the April 2013 implementation until such billing processes have been successfully modified.

In conclusion, if BPAT decides to implement PCM by April 2013, to the extent there is significant harm to overall market functionality or to individual customers, Seattle urges BPAT to cease its PCM implementation. In addition, Seattle strongly recommends that BPAT delay any future implementation until both NAESB and BPAT processes for modifying the business rules and PCM software are complete.

Respectfully submitted,



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WM:mls

cc: Toni Timberman, BPAT - Portland

