

# Transmission Customer Forum 26

## Status of Order 890

September 22, 2009



## FERC's Ruling on BPA's Order 890 OATT Filing

- After considerable public process, BPA filed its Order 890 based OATT on October 3, 2008.
- FERC issued an order on the OATT filing on July 15, 2009.
- While FERC adopted most of the requested changes to BPA's OATT, the Commission requested clarification on some points and required BPA to add certain provisions to the OATT if BPA wants to re-obtain reciprocity status.
- The Commission requested the following clarifications:
  - How Generation Imbalance Service will be provided in BPA'S rate schedule in conjunction with or to the exclusion of penalties in accordance with Order 890,
  - How capacity freed up by BPA's seasonal ATC adjustments will be made available to PTP customers (related to undesignation)



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- The date BPA plans to offer conditional firm service based on the number of hours per year of curtailment (BPA already offers this service), and
- Whether customers can change their third-party provider for the purchase of ancillary services prior to the scheduling deadline
- The Commission also asked BPA to make certain changes to its cluster study provisions and to supply additional information regarding its ATC methodology
- The Commission asked BPA to file Attachment J concerning parallel flows. The Investor Owned Utilities in the Northwest all filed the same Attachment J so Transmission Services will follow that lead.



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- BPA can fairly easily respond to these aspects of the order. Three other issues raised by FERC cause BPA concern. In order to obtain reciprocity, the Commission ordered BPA to:
  - Act as the financial facilitator for transmission resales,
  - Implement the system conditions option for conditional firm, and
  - Implement simultaneous windows.
- Transmission Services supports the latter two items but is reluctant to interrupt higher priority efforts (like wind integration) to implement them in the next few years.
- BPA feels that serving as the financial facilitator for transmission resales does not benefit its customers or the region and is seeking customer input. In its petition, Transmission Services indicated that this wouldn't be examined after the completion of the pilot program for removal of the price cap on transmission resales in 2010.



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- BPA'S options for responding to these issues range from spending the money and interrupting higher priority efforts to re-obtain reciprocity to discontinuing filing with FERC.
- BPA is going through a public process to get Customers' views regarding how BPA should respond. A decision will be made after the public process.
- BPA filed for rehearing on these issues and included the option of requesting a FERC conference on reciprocity and potential future BPA FERC filings.
- Whatever the outcome, BPA will continue to be an Open Access Transmission Tariff based transmission provider and to maintain a relationship with FERC. This may or may not include having safe harbor reciprocity status.



## FERC's Ruling on BPA's Order 890 OATT Filing

### Benefits of BPA Having a Safe Harbor Reciprocity Tariff:

- Jurisdictional utilities must give BPA open access.
  - However, few non-jurisdictional utilities have safe harbor reciprocity tariffs, and it appears that none has ever been denied open access by a jurisdictional utility.
  - BPA has not had a reciprocity tariff for over two years and has not been denied open access.



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### Drawbacks of BPA Having a Safe Harbor Reciprocity Tariff:

- It can take a very long time to make changes to the tariff (in two cases it took approximately two years or more), because FERC must approve the changes and there is no timeline for the Commission's decision.
- FERC can prohibit BPA from doing something that the region wants.
  - Example: 1996 settlement and secondary firm points, which FERC prohibited.
- FERC can require BPA to do things that the region does not want.
  - Example: acting as middleman for transmission resales.
- Reciprocity costs a lot in time and resources, and can require BPA to change its priorities, elevating projects based on FERC's priorities rather than the region's.
  - Examples: simultaneous windows, system conditions option for conditional firm.



## FERC's Ruling on BPA's Order 890 OATT Filing

- Issue – BPA must have continuing ability to modify its OATT
- Section 9 of our OATT provides for BPA to change the terms and conditions of the tariff only upon a ruling by the Federal Energy Regulatory Commission
- If BPA is not working to re-achieve reciprocity, filings can no longer be made under that standard

### ❖ Discussion

