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BC Hydro Power Authority
333 Dunsmuir St.
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Sent via email

Dear Brenda Ambrosi:

Proposed Change to Release of Unused Firm Transmission Capacity in Real Time posting of Transmission Service Offerings

TransAlta Corporation ("TransAlta") is an Alberta-based company involved in energy trading throughout North America and actively trades across Alberta, British Columbia and the Western U.S. under TransAlta Energy Market Corporation (TEMCO) in Canada and TransAlta Energy Marketing U.S. (TEMUS) in the U.S. TransAlta has assets in Alberta, British Columbia and the U.S. West. TransAlta undertakes transactions within Balancing Authorities ("BA") in the U.S. West that are backed by flows across the BC Hydro transmission system.

TransAlta supports Capital Power's request to change the release of unused firm transmission from 60 minutes from the top of the next delivery hour (T-60) to 85 minutes before the top of the next delivery hour (T-85). This release timing change is needed to align BC Hydro's transmission business practices with the changing real time market ("RTM") being created in the western interconnect by the growing adoption of the California ISO's ("CAISO") Energy Imbalance Market ("EIM").

Discussion

The major BAs in the U.S. and BC Hydro have joined or will have joined the EIM within the next couple years. This has resulted in the RTM timing changes such that the many of the Western U.S. BAs have adopted the CAISO's RTM scheduling requirement. As such, RTM bid must be submitted prior to 75 minutes before the next operating hour (T-75). Further, to be included in a BA's base schedule, awarded transactions must be tagged by T-57.5 or be subject to real time imbalance costs.

- **Equitable Access**

BC Hydro's OATT and its Standards of Conduct align with FERC's 888 and 890 Orders and the related OATT pro forma agreement to ensure BC Hydro provides non-discriminatory access to all transmission customers. While the BCUC has sole authority over approving the OATT, it has approved BC Hydro's approach to align of its OATT with the pro forma and related FERC Orders.

BC Hydro, as an EIM Entity, is now subject to the RTM and base scheduling requirements created by its participation in the EIM. BC Hydro can bid into the RTM with firm transmission to meet the T-75 ensuring so its flows with not be interrupted. Other market participants do not have the ability to reserve firm transmission prior to the close of the EIM RTM. This creates unequal access amongst transmission system participants.

In addition, EIM timelines also require that base schedules are confirmed by T-57.5 minutes. If schedules that pass through an EIM Entity's balancing authority area, like BC Hydro's transmission, are not e-tagged by this time, then those flows become subject to real-time imbalances charges. These charges are unknowable increasing the risk any transaction may become uneconomic. BC Hydro flows do not face this risk as they are able to ensure firm transmission well before the EIM base schedule timing requirements.

A change to a T-85 firm release would resolve this apparent discrepancy in transmission customer treatment. Fundamentally, it is a question of whether current release timing create an undue discriminatory impact due to the EIM's scheduling changes.

- **Economic Efficiency**

Due to the EIM's base schedule deadline and the increased cost risks and uncertainty it creates, the T-60 firm transmission release reduces market participation. This results in less power being scheduled and likewise less purchases of available transmission. When large power price spreads occur transmission will be fully used but if the spread is marginal the expected benefits of flowing will be less than expected costs leading to lower market participation. If the transmission timeline was increased to T-85, increased transactions and related transmission payments would be expected. This would increase revenues reducing the level costs placed on BC Hydro ratepayers to maintain the transmission infrastructure.

Summary

A change to a T-85 release time for firm transmission will update BC Hydro's business practices to align with EIM timelines, ensure all transmission users are treated equally and provide additional transmission revenues to reducing ratepayers' costs. To continue the status quo, BC Hydro's reliability and cost concerns would need to outweigh the identified benefits for market participants, ratepayers and BC Hydro.

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Submitted Electronically

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