

June 30, 2020

Powerex appreciates the opportunity to comment on the June 15th, 2020 bulletin posted by BC Hydro. The bulletin outlined a proposal from Capital Power to change BC Hydro's business practice for the release and posting of unused firm transmission capacity.

Capital Power states that the purpose of the requested change is "inconsistent scheduling requirements for transmission between jurisdictions is making it increasingly difficult to transact with counterparties who participate in this market" and "to align [BC Hydro's] scheduling practices with AESO and BAs in the CAISO EIM". Capital Power also suggests that moving the timeline of the release of unused firm transmission from T-60 to T-85 for the AB-BC path will incorporate accurate ATC information from the AESO and allow compliance with EIM scheduling timelines. The proposal is requesting the earlier release of unused capacity so that an entity in Alberta could procure transmission across the AB-BC and BC-US transmission segments and wheel energy from Alberta to the US markets.

Powerex has reviewed the proposal and the supporting rationale provided in the bulletin, and does not support the change to BC Hydro's business practice. Powerex provides the following reasons for its position:

- Capital Power's request suggests that the only way to procure transmission across AB – BC and BC – US transmission segments is to release unused firm transmission earlier at T-85.

Powerex has analyzed the posted BC Hydro's OASIS information and disagrees with Capital Power's suggestion. Based on the OASIS data there appears to be sufficient firm (over 380 MW) and non-firm transmission capacity on the AB-BC and BC-US paths for customers to reserve. In the last year alone, after-the-fact ATC values posted by BC Hydro indicate that over 91 % of the hours had Firm ATC still available for purchase on those paths and only 148 MW has been procured on a long term basis from AB-BC. Powerex does not see a hindrance for any customer to purchase firm capacity already available on a long term or short term basis from AB-US, and participate in any EIM or bilateral market in the US. Releasing unused capacity earlier would discourage investment in BC Hydro's transmission system through the purchase of longer term transmission service and should be avoided given the available firm inventory.

- BC Hydro's TTC and ATC Methodology are based on well-established industry standards developed to be consistent with the FERC Pro-Forma OATT. The TTC is established through planning studies and is further updated between the neighboring Balancing Authorities based on system and operating conditions each day. Those TTC values have historically been updated at T-60 and sometimes between T-60 and T-20 based on changing operating and system conditions. The release of the unused firm transmission capacity has been well established to allow for changes to the TTC, if needed, and to avoid unnecessary curtailments to non-firm customers as a result of changes to the TTC. Releasing unused firm transmission capacity earlier could lead to curtailments of non-firm transmission reservations (procured as unused firm transmission) as a result of scheduling on the higher priority transmission reservations (Firm and Network Economy).

- The current release times have been well established and provide the correct incentive to ensure transmission customers are procuring service on a longer term basis, which may include services such as Yearly, Monthly, Weekly and Daily. The current business practice has already factored in the tradeoff of when to make short term capacity available so that it does not undermine the investment of long-term firm rights holders. Moving the release of the transmission earlier would create a cost shift where entities would only secure Hourly Non-Firm service and would also provide a disincentive for customers to procure longer term transmission service. Providing a disincentive to long-term customers to invest has the potential to impact BC Hydro's revenue and the ratepayers, and should be carefully be factored into any decision taken by BC Hydro to accommodate this request.
- Powerex is an active participant in the EIM and understands the variety of timelines associated with the market. The EIM does not prohibit the reserving of transmission or the scheduling of energy as prescribed under the WECC tagging timelines. Transmission customers can continue to actively sell to and from Alberta and US before the operating hour or even into the operating hour as prescribed under Intra-hour scheduling timelines. Powerex does not understand the need to change BC Hydro's scheduling timelines because Powerex continues to transact after T-60 with various counterparties that are within the EIM footprint.
- Powerex understands that there are financial implications for transacting after T-57; however, those implications do not prevent transmission customers from transacting in multiple jurisdictions. Those financial charges put forth by EIM entities are applied by the transmission providers in those areas, and are unrelated to BC Hydro scheduling timelines. Transmission customers could choose to buy BC Hydro transmission service earlier, or invest in longer term service, to avoid those financial implications, and do not need to wait for the release of short-term capacity that may or may not be available closer to the operating hour. If customers feel that the financial implications are an issue, then Powerex encourages that those customers advocate to EIM entities and CAISO that schedules after T-57 should not be exposed to those EIM financial charges.

Powerex understands that some customers may want to support such a change, however any decision to change the current release and posting timelines should factor in the effect and impact the change has to existing long term customers, as well as the possible impacts to BC Hydro revenue and ratepayers. Based on the information provided by Capital Power, the facts don't support the need for a change.

Sincerely,

Raj Hundal
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