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REBUTTAL TESTIMONY OF  
SUZANNE L. ZOLLER, DANIELLE M. JOHNSON, AND RONALD E. MESSINGER  
Witnesses for Bonneville Power Administration

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**SUBJECT: SELLER'S CHOICE EXCEPTION TARIFF PROPOSAL**

**Section 1: Introduction and Purpose of Testimony**

*Q. Please state your names and qualifications.*

A. My name is Suzanne L. Zoller, and my qualifications are contained in TC-22-Q-BPA-19.

A. My name is Danielle M. Johnson, and my qualifications are contained in  
TC-22-Q-BPA-17.

A. My name is Ronald E. Messinger, and my qualifications are contained in  
TC-22-Q-BPA-18.

*Q. What is the purpose of your testimony?*

A. The purpose of our testimony is to respond to Northwest Requirements Utilities' (NRU) direct testimony, including its proposal to continue the Seller's Choice exception in Section 29.2(v) of the Tariff beyond its sunset date of October 1, 2021 without modification or, alternatively, with a usage cap or by limiting its use to the short-term horizon.

**Section 2: Response to NRU's Proposal for the Seller's Choice Exception**

*Q. What is the Seller's Choice exception?*

A. The Seller's Choice exception waives the requirement in Section 29.2(v) of BPA's Open Access Transmission Tariff (Tariff) to identify the source control area from which power will originate for off-system network resource designations of Seller's Choice power purchase agreements at Mid-Columbia ("Mid-C") Points of Receipt with a term ending

1 prior to October 1, 2021. The Seller's Choice exception expires before the Tariff  
2 proposed in this proceeding would take effect.

3 Q. *What is your proposal for Section 29.2(v)?*

4 A. We propose the *pro forma* resource designation requirements for network service  
5 rather than extend the Seller's Choice exception. Accordingly, we propose no changes  
6 for Section 29.2(v), other than to delete the Seller's Choice exception because it expires  
7 on October 1, 2021 (the day the Tariff proposed in this proceeding would take effect).  
8 Bersaas *et al.*, TC-22-E-BPA-04, at 2; Tariff (Redlined Version), TC-22-E-BPA-02, at 90-91.  
9 Our proposal is consistent with the *pro forma* tariff.

10 Q. *Please describe Section 29.2(v) of BPA's Tariff.*

11 A. Section 29.2(v) is a subsection of Section 29 of BPA's Tariff. Section 29 provides steps  
12 for initiating Network Integration Transmission Service (network service), including  
13 conditions for receiving service and the application process. Section 29.2 provides  
14 specific application procedures for network customers to request service, which include  
15 detailed information about the network customer's load, resources, 10-year forecasts of  
16 load growth and resources, and the customer's system. This information is necessary  
17 for the transmission provider to meet its responsibilities to plan, construct, operate, and  
18 maintain the transmission system in order to provide network service to the customer.  
19 See Tariff, TC-22-E-BPA-01, § 28.2.

20 Section 29.2(v), in particular, provides the information requirements for  
21 designating the customer's on-system network resources (generation that is physically  
22 connected to BPA's transmission system) and off-system network resources (generation  
23 that is physically connected outside, or "off" BPA's transmission system). Existing  
24 network customers may request to designate additional network resources by  
25 requesting a modification of service pursuant to the application requirements set forth

1 in Section 29.2. *Id.* § 30.2. NRU's testimony and our rebuttal address the application  
2 requirements for designating additional off-system network resources.

3 Q. *What are the information requirements to designate off-system network resources?*

4 A. Among other technical requirements, Section 29.2(v) requires customers to identify the  
5 control area from which the power will originate (the "source control area") and the  
6 delivery point to BPA's system. In Order No. 890, the Federal Energy Regulatory  
7 Commission (Commission) stated that identification of the source control area and  
8 delivery point is necessary for the transmission provider to accurately model and  
9 manage available transfer capability ("ATC," the transmission capacity available for sale  
10 after considering other existing transmission commitments). *Preventing Undue*  
11 *Discrimination and Preference in Transmission Service*, Order No. 890, 118 FERC ¶  
12 61,119, at PP 1475-76 (2007). In Order 890-A, in response to comments that the  
13 information was not necessary for transmission planning, the Commission rejected  
14 requests to remove the requirement to identify the source control area due to the need  
15 of the transmission provider to model ATC and related purposes. *Preventing Undue*  
16 *Discrimination and Preference in Transmission Service*, Order No. 890-A, 121 FERC  
17 ¶ 61,297, at P 862 (2007).

18 Q. *NRU argues that Section 29.2(v) of BPA's Tariff should include the exception, which*  
19 *allows customers to designate Seller's Choice agreements. Weathers, TC-22-E-NR-01,*  
20 *at 1. What are Seller's Choice agreements?*

21 A. "Seller's Choice" agreement refers to an industry term describing a type of power  
22 purchase agreement in which the seller agrees to deliver energy to the buyer at an  
23 agreed-upon delivery point without identifying the location of the generation (the  
24 source) at the time the agreement is made. The agreed-upon delivery point typically is  
25 at a market hub, such as the Mid-C Hub, (an off-system market hosted by non-BPA  
26 Balancing Authority Areas in the Mid-Columbia area) or the Northwest Hub (an internal

1 BPA reservation and scheduling point to facilitate market transactions). Network  
2 customers must provide the off-system network resource information in Section 29.2(v)  
3 to designate Seller's Choice agreements.

4 Q. *Why did BPA's Tariff include the Seller's Choice exception?*

5 A. As part of the comprehensive TC-20 Settlement Agreement, which was adopted in the  
6 TC-20 proceeding, BPA agreed to the Seller's Choice exception and waived the  
7 requirement in Section 29.2(v) to identify the source control area for the designation of  
8 off-system resources at Mid-Columbia points of receipt with a term ending prior to  
9 October 1, 2021. Administrator's Final Record of Decision, TC-20-A-03, Appendix 1,  
10 at 13 (2019) (TC-20 ROD).

11 Q. *What is the effect of waiving the requirement to identify the source control area?*

12 A. Under the Seller's Choice exception, network customers can designate Seller's Choice  
13 power purchase agreements using a long-term (12 months or more) reservation without  
14 having to provide the source control area from which the power will originate, provided  
15 that the designation term ends before October 1, 2021.

16 Q. *Why do you propose the pro forma Section 29.2(v) rather than extend the Seller's Choice  
17 exception beyond October 1, 2021?*

18 A. Pursuant to the TC-20 Settlement Agreement, BPA committed to monitor and evaluate  
19 the implementation of the Seller's Choice exception starting on October 1, 2019, share  
20 the results of its evaluation with customers at least once before July 2020, and  
21 determine whether to propose to continue the exception in the TC-22 proceeding. *Id.*  
22 The decision whether to propose to continue the exception in the TC-22 proceeding is in  
23 BPA's sole discretion. *Id.*

24 Between November 2019 and September 2020, BPA conducted robust analysis  
25 and held five customer workshops on the topic. Through the evaluation and customer  
26 engagement process, we identified several problems with continuing the Seller's Choice

1 exception and found numerous benefits provided by aligning BPA's Tariff with the *pro*  
2 *forma* resource designation requirement to require identification of the source control  
3 area. After weighing a number of considerations (which we describe below), BPA  
4 decided to propose the *pro forma* Section 29.2(v) rather than continue the Seller's  
5 Choice exception beyond October 1, 2021. BPA shared its decision and underlying  
6 reasons with customers during July and September 2020 customer workshops.

7 Q. *What considerations did you weigh during your evaluation?*

8 A. We weighed a comprehensive set of considerations, including transmission planning  
9 impacts, current and future customer needs, systems compatibility and product  
10 standardization (including cost and complexity of system implementation), and existing  
11 options for network customers to use for Seller's Choice power purchase agreements.  
12 We describe these more fully below.

13 Q. *Can you provide an example of how the Seller's Choice exception impacts BPA's ability to*  
14 *plan?*

15 A. Yes. In general for Seller's Choice agreements, the customer does not provide BPA with  
16 the source control area until the day before the service occurs, rather than when the  
17 designation request is made. If the Seller's Choice agreement is using long-term firm  
18 network transmission rights, BPA has no way to plan the transmission system to ensure  
19 that the resource can be delivered reliably to the load.

20 Q. *Please elaborate.*

21 A. BPA requires network resources to be designated no later than 60 days prior to the day  
22 of service for long-term service (greater than one year). If a network customer does not  
23 designate a network resource within that time frame but BPA had encumbered capacity  
24 for the resource based on the customer's forecast, BPA no longer encumbers the  
25 capacity and releases it as ATC to other customers.

1 Under the Seller's Choice exception, a customer still must designate the Seller's  
2 Choice power purchase agreement 60 days prior to service. For each agreement  
3 designated, the customer submits up to five transmission service requests ("TSRs") to  
4 account for each potential point of receipt. The customer uses a generic source of  
5 MIDC20 for each of the individual TSRs. The multiple points of receipt and the generic  
6 source do not accurately indicate the source control area of the power.

7 Q. *Why is this a problem for transmission planning?*

8 A. In reality, the energy could flow on one of multiple paths. BPA does not know the actual  
9 path that will be used until the source control area and delivery point are identified by  
10 the network customer the day before service, instead of at least 60 days before service.  
11 The exception does not give BPA the data needed with sufficient notice to ensure BPA  
12 can meet its obligation to serve the customer's network load with its designated  
13 network resources. Without advance knowledge of the source control area information,  
14 there is risk that the system could become more congested, resulting in point-to-point  
15 (PTP) customers' transmission service being curtailed and the redispatch of network  
16 service. This raises the concern that BPA may not be able to plan the transmission  
17 system to ensure the resource can be delivered to the load and that BPA can continue  
18 to meet its commitments to other PTP and network customers.

19 Q. *Please describe your consideration of current and future customer needs.*

20 A. We also considered current and future customer transmission needs. One example of a  
21 network customer need is the ability to access non-federal power purchases and acquire  
22 transmission to deliver that power to load. Our proposal maintains customers' ability to  
23 access non-federal power at the Mid-C Hub and transmission to serve network load,  
24 which stakeholders noted as an important consideration. We discuss this consideration  
25 further below. Another example of a current and future customer need is the  
26 availability of ATC. During the customer workshops, PTP customers expressed concern



1 that the Seller's Choice exception could negatively impact the amount of firm ATC  
2 available for them to purchase, especially in the short-term horizon (less than 12  
3 months).

4 Q. *Please describe the concern about the Seller's Choice exception and ATC.*

5 A. In addition to the planning concerns described above, the Seller's Choice exception  
6 impacts BPA's ability to accurately calculate and effectively manage ATC. The exception  
7 causes BPA to encumber more ATC than is needed to deliver the Seller's Choice power  
8 purchase agreement to the network customer's load, especially in the short-term  
9 horizon. A less accurate ATC calculation also affects BPA's other customers' access to  
10 available capacity. Our proposal eliminates concerns PTP customers expressed during  
11 the workshops about potential future ATC impacts that could negatively affect them.

12 Q. *Please explain.*

13 A. When a network customer requests to designate a network resource, they submit a TSR  
14 through the automated Open Access Same Time Information System ("OASIS"). Under  
15 the Seller's Choice exception, the network customer submits five TSRs (one for each of  
16 the Mid-C points of receipt defined in the network business practice). The five TSRs  
17 make it appear to OASIS that the customer requires ATC for each TSR as if they were  
18 separate reservations instead of being associated with a single Seller's Choice power  
19 purchase agreement. In reality, only one of the points will be used (from that Mid-C  
20 point to the Northwest Hub and then on to the customer's load). Rather than  
21 encumbering ATC separately for each point, BPA staff evaluates which point would  
22 require the most ATC (the "worst case scenario") and, for the long-term horizon,  
23 encumbers ATC based on that worst case scenario. As noted above, the customer does  
24 not provide the actual source control area until the day before service. If the actual  
25 path that will be used does not require the most ATC, then BPA has encumbered more  
26 capacity in the long-term horizon than was really needed to provide the service. As a

1 result, other customers could not access the ATC not needed by the network customer.  
2 During the summer workshops PTP customers were concerned that they may lose the  
3 opportunity to access that ATC in the long-term horizon.

4 Q. *Are there differences between managing ATC impacts for the Seller's Choice exception in*  
5 *the long-term versus short-term horizons?*

6 A. Yes. In the long-term horizon, BPA manually manages the ATC needed to serve  
7 designated network load with firm transmission. Because it is a manual process, BPA  
8 can partially mitigate the risk of reserving more ATC than will be needed for the Seller's  
9 Choice exception by assuming the worst case scenario ATC impact, as described above.  
10 Because short-term transmission is granted automatically by OASIS and ATC is  
11 encumbered for each Mid-C TSR, as if they were separate reservations, BPA cannot use  
12 manual processes to mitigate the potential over-encumbrance of ATC related to the  
13 Seller's Choice exception in the short-term horizon.

14 Q. *NRU states that "staff's assertion that Seller's Choice limits ATC inventory is unfounded."*  
15 *Weathers, TC-22-E-NR-01, at 8. Please respond.*

16 A. Through the workshop process, BPA reported that its evaluation identified no impacts to  
17 long-term ATC to date and minimal impacts to short-term ATC. However, BPA also  
18 noted that only a small percentage of customers utilized the Seller's Choice exception  
19 during the review period and that the megawatts designated under the exception were  
20 also minimal. The small utilization correlates with the relatively minor ATC impacts.  
21 Nonetheless, BPA is concerned that if the Seller's Choice exception was adopted in the  
22 TC-22 proceeding, the utilization of the Seller's Choice exception would increase,  
23 including the number of designations under the exception and the megawatts  
24 designated.

1 Q. *Can you elaborate on the concerns about potential greater impacts on ATC?*

2 A. Increased utilization of the Seller's Choice exception would likely result in greater  
3 impacts to ATC. The greater the ATC impacts, the less ATC BPA has to sell in the  
4 short-term horizon. As mentioned above, PTP customers expressed concern that the  
5 increased flexibility for network customers provided by the Seller's Choice exception  
6 could result in a decrease in future ATC available in the short-term horizon.

7 Q. *Please describe the consideration of system compatibility and product standardization.*

8 A. As we explained above, BPA uses OASIS, the industry standard software, to process  
9 requests for service and to offer ATC. OASIS is not designed to support one-offs such as  
10 the Seller's Choice exception. A customized technical solution would be needed. In the  
11 TC-20 ROD, the Administrator explained that one of BPA's strategic goals is to offer  
12 standardized transmission services. TC-20 ROD, TC-20-A-03, at 12. Customization of the  
13 OASIS system does not further BPA's strategic goal. Since our proposal utilizes industry  
14 standard software, our proposal is also more efficient and cost-effective than the  
15 Seller's Choice exception.

16 Q. *If network customers cannot meet the Section 29.2(v) requirements to designate Seller's*  
17 *Choice agreements, can network customers still serve their load with Seller's Choice*  
18 *agreements?*

19 A. Yes. As we noted above, during the customer workshops, stakeholders noted that  
20 maintaining customers' ability to access non-federal power at the Mid-C Hub and the  
21 transmission to deliver that power to network load was an important consideration. We  
22 agree. Our proposal meets this objective.

23 Q. *Please explain.*

24 A. Pursuant to Section 28.4 of BPA's Tariff, consistent with the *pro forma* tariff, network  
25 customers may request secondary service to deliver energy to network loads from  
26 resources that are not designated. The network customer is not required to provide

1 detailed information about the resource, such as the source control area, when making  
2 secondary service requests. Secondary service has a higher curtailment priority than  
3 any non-firm PTP service and is available at no additional charge. PTP can also be used  
4 to serve network load with Seller's Choice power purchase agreements; however, we  
5 acknowledge the customer would incur additional costs because BPA would charge the  
6 customer for network service (based on load) and separately charge for the PTP service.

7 Q. *Regarding the planning concerns, NRU stated, "BPA staff's assertions that Seller's Choice*  
8 *creates any measurable planning uncertainty cannot be demonstrated and is therefore*  
9 *without merit." Weathers, TC-22-E-NR-01, at 7. Please respond.*

10 A. During summer workshops, BPA did not assert that the planning uncertainty was  
11 "measurable" to date, but that does not mean the planning concerns are without merit.  
12 BPA's concerns about planning uncertainty, specifically the potential congestion risks we  
13 describe above, were compelling factors in BPA's decision to not propose the Seller's  
14 Choice exception in this proceeding. Furthermore, NRU's arguments ignore the  
15 combination of BPA's other core concerns identified above and the benefits provided by  
16 adopting *pro forma* and industry standard resource designation requirements.

17 Q. *NRU argues that maintaining the Seller's Choice exception would maintain "some*  
18 *semblance of equity" between network and PTP service. Id. at 10. Can you please*  
19 *respond?*

20 A. We do not know what NRU means by "semblance of equity" between the services, but  
21 assume it refers to network and PTP customers' ability to access ATC for Seller's Choice  
22 power purchase agreements. Although NRU's testimony does not explicitly state this,  
23 NRU appears to suggest that PTP customers have more favorable access to ATC for  
24 Seller's Choice power purchase agreements than network customers. We do not think  
25 this comparison is appropriate.

1 Q. Why not?

2 A. NRU's assertion does not acknowledge or account for the differences between network  
3 and PTP services. Primarily, BPA has an obligation under the Tariff to plan to serve  
4 network customer load and load growth. Continuing the Seller's Choice exception  
5 affects BPA's ability to reliably plan the system to serve network load because BPA does  
6 not know where the source generation is coming from. BPA does not have a similar  
7 load service planning obligation for PTP service. In addition, the Seller's Choice  
8 exception achieves maximum flexibility to use any of the Mid-C points of receipt, but at  
9 no additional charge (network customers are charged based on load, not reservation)  
10 and with all the planning benefits of long-term firm network service. For PTP customers  
11 to achieve this flexibility, they would be required to purchase up to five separate  
12 reservations – one for each Mid-C point of receipt they want access to – at a  
13 considerable cost (PTP customers are charged separately for each reservation). We  
14 understand the commercial value in having the certainty of firm network service and the  
15 flexibility of not identifying the source until the day before service, especially for an  
16 entity, such as NRU, that procures market power in relatively small quantities for  
17 geographically diverse loads. Unfortunately, as we have explained above, the Seller's  
18 Choice exception negatively affects BPA's ability to meet its obligation to plan to serve  
19 network load and affects BPA's other customers through a less accurate ATC calculation.  
20 Accordingly, we believe that aligning BPA's Tariff section 29.2(v) with the *pro forma*  
21 Section 29.2 is appropriate.

1 Q. *NRU acknowledges that the Seller's Choice exception is not consistent with the pro*  
2 *forma tariff, but argues that since BPA has maintained other deviations from the pro*  
3 *forma tariff, BPA should also maintain the Seller's Choice exception. Id. at 4-6. Please*  
4 *respond.*

5 A. We think this argument ignores the collective reasons underlying our proposal. We do  
6 not propose extending the Seller's Choice exception because it affects BPA's ability to  
7 meet its Tariff obligations as a whole. Furthermore, one of BPA's strategic goals is to  
8 align with the *pro forma* tariff to the extent possible. Proposing the Seller's choice  
9 exception simply because BPA has to date maintained unrelated deviations to the  
10 *pro forma* tariff is not sufficient justification to continue the Seller's Choice exception  
11 and does not further BPA's strategic goals.

12 Q. *NRU also asserts that other transmission providers maintain Commission-approved*  
13 *deviations related to the requirement to identify the source control area, so BPA should*  
14 *maintain the Seller's Choice modification. Id. at 4-5. Please respond.*

15 A. Other transmission providers have removed the requirement to identify the source  
16 control area in Section 29.2(v). However, these transmission providers maintain the  
17 requirement to identify the delivery point to the transmission provider's system. During  
18 the evaluation process, we described the practice in the region and considered it as an  
19 alternative option for Section 29.2(v) that BPA might propose in the TC-22 proceeding.  
20 We did not propose it for a number of reasons, in part because stakeholders, including  
21 NRU, did not support it due to its incompatibility with the implementation of the Seller's  
22 Choice exception.

1 Q. *Workload was one of your reasons for not proposing to continue the Seller's Choice*  
2 *exception. However, NRU suggests "[t]hat Seller's Choice TSRs represent an extremely*  
3 *small workload relative to BPA's overall ATC inventory management."* *Id. at 9. Do you*  
4 *agree?*

5 A. No. As we described above, although the overall number of requests utilizing the  
6 Seller's Choice exception is small, each request includes five TSRs. BPA uses manual  
7 processes for long-term requests, and the workload to manage five TSRs is greater than  
8 the workload to manage a single reservation (a single reservation would be required  
9 under our proposed Section 29.2(v)). In addition, if customers make errors while  
10 utilizing the Seller's Choice exception, as has happened, additional work is required for  
11 BPA to help customers resolve the errors.

12 Q. *NRU proposes two alternatives to retaining the Seller's Choice exception, including a*  
13 *per-customer usage cap and limitation of the exception to the short-term horizon. Id. at*  
14 *9-10. Please respond.*

15 A. Neither of these alternatives are viable. BPA considered the usage cap proposal, which  
16 was proposed by NRU and other customers during the workshop process. The usage  
17 cap would mitigate some of our ATC-related concerns, but is very complex to implement  
18 using manual processes. In addition, OASIS functionality does not support a usage cap  
19 and a one-off technical customization solution would be required. Further, the proposal  
20 does not resolve our planning concerns.

21 Q. *Please explain why limiting the Seller's Choice exception to the short-term horizon is not*  
22 *viable.*

23 A. This alternative would exacerbate the risk of encumbering more ATC than is needed for  
24 designation of Seller's Choice agreements because it would be managed entirely  
25 through OASIS. As we explain above, up to five TSRs are required for reservations

1 utilizing the Seller's Choice exception and OASIS will reserve ATC over each separate  
2 path.

3 Q. *NRU states that the requirement to identify the source control area "vis a vis" the Mid-C*  
4 *Market Hub runs contrary to the spirit and principles of open access. Id. at 6. Do you*  
5 *agree?*

6 A. No. NRU appears to imply that BPA's Tariff does not provide open access because the  
7 network and PTP Tariff provisions include different requirements for requesting service.  
8 This argument is without merit. The *pro forma* tariff provides open access terms and  
9 conditions for service. Since BPA's Tariff requirements for requesting service, including  
10 Section 29.2(v), are consistent with the *pro forma* tariff, we believe BPA's Tariff provides  
11 open access.

12 Q. *How would you summarize your evaluation and recommendation?*

13 A. We recognize that the Seller's Choice exception involves complex issues for BPA and its  
14 stakeholders. During customer workshops, we thoroughly considered the risks,  
15 benefits, interests and perspectives of all parties. After considering feedback received  
16 during the workshops, we concluded that proposing the *pro forma* resource designation  
17 requirements for network service is the soundest approach.

18 Q. *Does this conclude your testimony?*

19 A. Yes.  
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21  
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23  
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