

Comments of the Sacramento Municipal Utility District,
Transmission Agency of Northern California, and Turlock Irrigation District

TC-20 Rate Case Workshops
August 6, 2018

The Sacramento Municipal Utility District, Transmission Agency of Northern California, and Turlock Irrigation District (collectively, the Northern California Utilities or NCU) appreciate the opportunity to provide the following comments on topics discussed at BPA's TC-20 workshop on July 23, 2018. Please refer to the NCU's prior comments in this proceeding on related issues and legal standards. In general, the NCU seek to ensure that these TC-20 workshops fully explore the impact of BPA's transmission rates, terms and conditions on both intra- and inter-regional transmission services and energy and capacity markets in the West.

Study Process

The NCU reiterate our request in comments filed on July 18, 2018 for documents related to the April 2015 decision not to study TSR requests on Interties, as discussed at the June 26, 2018 TC-20 workshop.

Scope of Proceedings

At the July 23 workshop, there was a discussion of the appropriate forum or forums for review of language in BPA's rate schedules. Traditionally, BPA's rate schedules have been reviewed in rate cases; however, the unavoidable interaction and interdependence between tariff provisions and rate schedule language requires clarification of the scopes of the BP-20 and TC-20 proceedings. The NCU agree, as was discussed at the July 23 workshop, that a conference call should be scheduled to discuss where rate schedule language will be addressed: BP-20 or TC-20 or both. The NCU also reiterate our position that the Hearing Officer in the TC-20 proceeding should have the responsibility of issuing an initial decision on all transmission rates, terms and conditions (see NCU comments of June 22, 2018). The NCU note that this responsibility would place the transmission and ancillary service rate schedules squarely in the TC-20 proceeding.

Section 23.1 Price Cap

Before any decision can be reached on removing the Section 23.1 price cap, BPA should investigate the impact of such a change on energy and capacity markets in the West. Accordingly, the NCU request that BPA post all existing materials related to BPA's prior studies of the price cap, including but not limited to BPA's participation in the FERC two-year pilot, BPA filings pursuant to relevant FERC orders, the 2013 study conducted by BPA (see handout slide 37), and BPA's EQR filings at FERC under Order 768. In addition, BPA should provide its proposed approach to evaluate the removal of the price cap, including the ability of resellers to simply evade the price cap by arbitraging basis differentials via buy/sell transactions. The NCU take no position on whether resales should take place on or off OASIS, but in either case, to the extent practicable, BPA should consider making resale data publicly available.

Settlement Discussions

On July 23, BPA counsel announced BPA's interest in settlement discussions beginning in mid-September. The NCU were previously unaware of BPA's interest in this regard, but support the

idea of at least a partial settlement, and do not expect to oppose a partial settlement of issues not of concern to the NCU's in the TC-20 proceeding. The NCU's also support the idea of BPA having a single transmission tariff, rather than two, in the interest of efficiency and simplifying the terms of energy trading between the Northwest and California. The NCU's request that BPA release its proposed tariff at least two weeks prior to the first settlement meeting, and that topics for specific settlement meetings (including adjacent days of a given week) be identified as soon as possible. At this time, the NCU's are interested generally in ensuring that BPA's tariff is not unduly discriminatory or preferential, including all appendices, attachments and transmission and ancillary service rate schedules.

Thank you.