

## **POWEREX COMMENTS ON LADWP JANUARY 17, 2017 OATT REVISIONS**

Powerex submits these comments pursuant to the General Manager of the Los Angeles Department of Water and Power's January 17, 2017 Notice regarding *City of Los Angeles Department of Water and Power, 2017 Reform of Electric Transmission Tariff and Electric Transmission Rates*.

### Support For LADWP's Stakeholder Engagement Process and Tariff Revisions

As a long-time customer of LADWP firm point-to-point transmission service, Powerex strongly supports LADWP's proposals that move its tariff closer to the Federal Energy Regulatory Commission's ("FERC" or "Commission") *pro forma* Open Access Transmission Tariff ("OATT") provisions. LADWP's movement toward consistency with the *pro forma* OATT and open access principles through a transparent stakeholder process benefits LADWP as well as its customers. In particular, customers making decisions about new or continued investment in long-term firm transmission reservations on LADWP's system—like Powerex, who will spend approximately \$25 million on long-term firm transmission service on LADWP's system in 2017 alone—must be able to rely on LADWP's commitment to open access principles. In Powerex's view, these principles are a critical consideration at the time of the initial investment, as well as when a customer makes renewal decisions for future years. LADWP's proposals that more closely align its tariff provisions with the *pro forma* OATT provide transmission customers with a high level of confidence about the durability and fairness of LADWP's transmission service, as those provisions have been thoroughly examined and determined to be just and reasonable and not unduly discriminatory.

Powerex also appreciates the transparent and open stakeholder process LADWP has initiated to permit the review of its proposed revisions to OATT rates and non-rate terms and conditions of service. Powerex stresses how important it is that LADWP has structured its processes to permit customers and other stakeholders to pose questions and make comments regarding proposed tariff revisions, as well as to facilitate LADWP's response to those questions and comments in a thoughtful, substantive way.

Powerex is confident that LADWP's process, as laid out in the January 17 notice, and modified as necessary, will provide those opportunities.

A number of LADWP's proposed OATT revisions address and take steps to resolve issues and concerns Powerex has previously identified. An example of one such issue is LADWP's proposed enabling of 15-minute scheduling on its transmission facilities, including on the Pacific DC Intertie, consistent with FERC Order No. 764 and the associated revisions to the *pro forma* OATT. Powerex therefore strongly supports LADWP's proposed revisions to sections 13.8 (Scheduling Firm Point-to-Point Transmission Service) and 14.6 (Scheduling of Non-Firm Point-to-Point Transmission Service). Consistent with the *pro forma* OATT, LADWP's proposed revisions will permit firm and non-firm point-to-point transmission customers to schedule in 15-minute increments. In addition to conforming to the *pro forma* OATT, these revisions will also put LADWP's service more in line with other western transmission providers, reduce seams issues, and allow for more efficient use of resources—both transmission and generation resources—across the region.

In addition to the above example, Powerex supports the proposed revision to section 2.1 (Continuation of Service) that provides for the automatic renewal option for Transmission Service Agreements with contract terms of two years or more. LADWP's prior OATT did not contain a renewal provision, and this proposed revision represents a step forward to bring the LADWP tariff closer in line to FERC *pro forma* provisions. Powerex urges LADWP to take steps to ensure that its exercise of the discretion it retains with regard to the termination of the automatic renewal option is undertaken in an equitable and non-discriminatory manner.

#### Related Review of Business Practices

LADWP's commitment to work through the OATT revision stakeholder process, respond to stakeholder comments, and provide additional revisions as necessary is an important step forward to provide clarity, consistency and transparency for its transmission customers.

However, to the extent that LADWP develops (or maintains) written business practices or informal procedures that are inconsistent with the adopted OATT provisions, LADWP's carefully vetted OATT will be effectively nullified. Such inconsistencies would serve to undermine the efforts LADWP has made to build customer confidence in its transparent, non-discriminatory tariff revision process and ultimately would erode customer confidence in LADWP transmission service. Powerex therefore believes that an appropriate next step is for LADWP to review its business practices and operational protocols to ensure that they are (1) developed and written in such a way as to be consistent with the revised OATT and (2) applied in such a way that is both consistent with the OATT and in a non-discriminatory manner across all similarly-situated customers. Any revised business practices and associated protocols following this review should be posted publicly, consistent with LADWP's transparent review process.

Two examples illustrate areas where business practices (or amendments) appear to be needed:

- A first example is LADWP's **implementation of intra-hour scheduling**. It will be important that this implementation, pursuant to the revisions referenced above in sections 13.8 and 14.6, is accomplished with business practices that are fully consistent with the new OATT language and that will be applied consistently within each transmission reservation class. Operating protocols should enable, rather than unnecessarily limit, the new tariff provisions, such that customers are able to schedule in 15-minute increments on all transmission facilities physically capable of supporting 15-minute scheduling, including the Pacific DC Intertie.<sup>1</sup>

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<sup>1</sup> Powerex understands that on coordinated transmission paths, all transmission providers on the path must support 15-minute scheduling in order for it to be available to customers taking service on the coordinated facilities. For example, on the Pacific DC Intertie, both LADWP and Bonneville Power Administration ("BPA") would need to support 15-minute scheduling in order for LADWP's customers to be able to schedule in 15-minute increments. In this circumstance, Powerex believes it is important for LADWP to make it clear that it supports 15-minute scheduling on this path, and to work collaboratively with BPA to enable this capability.

- Second, as a long-time LADWP transmission customer, Powerex has observed that LADWP's **firm redirect operational practices** have not always been applied consistently with the provisions of section 22.2 of LADWP's OATT and the written LADWP Business Practice that supplies the detailed procedure for Redirect Service for all customer redirect requests. Specifically, LADWP has not permitted firm redirect service on all paths with firm ATC. Powerex urges LADWP to ensure that its business practices and operational protocols are consistently in line with the OATT's redirect provisions in letter and in practice.

In closing, Powerex again reiterates its support both for LADWP's ongoing transparent stakeholder engagement process and for its efforts to move its OATT terms and conditions closer to the FERC *pro forma* provisions and underlying open access principles. Powerex urges LADWP to commit that any future revisions in rates and non-rate terms and conditions in its OATT, as well as LADWP's prevailing business practices, will be aligned with *pro forma* tariff provisions and the underlying open access principles.