

Comments of the Northwest Balancing Authorities

May 6, 2013

Via E-mail to ERS2014@eia.gov

Ms. Rebecca Peterson
U. S. Energy Information Administration
U. S. Department of Energy

Re: Comments on Proposed Form EIA-930 “Balancing Authority Operations Report”

Avista Corporation (“Avista”), Portland General Electric Company (“PGE”), NorthWestern Energy, Puget Sound Energy (“PSE”), Seattle City Light, Chelan PUD, and Tacoma Power (collectively, “Northwest Balancing Authorities” or “Northwest BAs”) appreciate the opportunity to make comments on the Energy Information Administration (“EIA”) proposal to require that each Balancing Authority post its hourly demand, hourly next day demand forecast, hourly net generation, and hourly actual interchange to facilitate the understanding of real-time electric grid operations.

Background

Avista Corporation is an investor-owned utility engaged in, among other things, the business of generating, transmitting, and distributing electric power to wholesale and retail customers located primarily in Eastern Washington and Northern Idaho and transmitting power on behalf of third parties.

PGE is a public utility organized under the laws of Oregon, and is headquartered in Portland, Oregon. PGE provides electric services to residential, commercial, and industrial customers in the state of Oregon.

NorthWestern Corporation d/b/a NorthWestern Energy is an investor-owned utility and one of the largest providers of electricity and natural gas in the northwest quadrant of the United States, serving approximately 673,200 customers – 403,600 electric and 269,600 natural gas – in Montana, South Dakota and Nebraska. The company’s headquarters are in Sioux Falls, S.D., with operational headquarters in Butte, Mt and Huron, S.D. The Company is listed on the New York Stock Exchange under the ticker symbol NWE.

Puget Sound Energy (“PSE”) is a Washington corporation and wholly-owned subsidiary of Puget Energy, Inc., a holding company. PSE is an investor-owned public utility that provides retail electric and natural gas service in the state of Washington. PSE’s retail and wholesale utility businesses include the generation, purchase, transmission, distribution and sale of electric energy, plus the purchase, transportation, storage, distribution and sale of natural gas.

Seattle City Light is a municipally owned electric utility that provides reliable, renewable and environmentally responsible power to nearly 1 million residents in Seattle, seven suburban cities and parts of unincorporated King County. The service territory is a dense, highly urban area with a large commercial load. About 92 percent of the utility’s electricity comes from hydropower, and the utility has been carbon neutral since 2005. Seattle City Light is governed by elected Seattle officials and is primarily supported by customer revenues and surplus power sales.

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Chelan PUD is a public utility district owned by its customers in Chelan County, Washington, and governed by a locally-elected Board of Commissioners. The utility owns and operates three hydroelectric projects and operates a balancing authority registered with the North American Electric Reliability Corporation (NERC) within the Western Electricity Coordinating Council (WECC). In addition to serving retail electric customers, Chelan PUD sells power into the wholesale electric market.

Tacoma Power is a consumer-owned utility, whose ratepayers are in the City of Tacoma and neighboring communities. Tacoma Power's mission is to provide our ratepayers with low cost power through optimization of our owned hydro system and participation in the wholesale market, while meeting regulatory requirements.

The Northwest BAs' Balancing Authority Areas ("BAAs") are located in the Northwest Power Pool, a region comprised of 19 individual BAAs that operate in a largely bilateral electric market. Market participants include independent power producers, consumer-owned utilities, investor-owned utilities, and a Federal Power Marketing Agency (Bonneville Power Administration).

EIA Proposal

The EIA has proposed new Form EIA-930 which is being evaluated, along with revisions to existing forms, under the Paperwork Reduction Act (PRA). The PRA requires the EIA to avoid unnecessary data collection, to minimize the burden of collecting data, and to handle confidential information with appropriate care. The PRA also requires data collections to be approved by the Office of Management and Budget (OMB) as meeting these requirements. The Northwest BAs encourage the EIA to revise its proposal to address our concerns and suggestions before submitting the proposal to OMB for review.

The EIA has proposed requiring Balancing Authorities (BAs) to post hourly operating data on a public website to "shed light on various operational dynamics important to integration of renewable energy sources and development of smart grid technologies and demand response."¹ The demand data is to be posted by 10 minutes after the operating hour and the forecast, generation, and interchange data is to be posted by 7:00 am Eastern Time the next day.

Balancing Authorities' Comments

Commercially Sensitive Data

A requirement to publicly post load and generation statistics creates significant confidentiality concerns because such information will reveal highly commercially sensitive data that could impact market prices. *Any party with access to the public website would have a picture of a Balancing Authority's proprietary short or long position, may be able to discern when plants are not operating, and may be able to derive generation dispatch costs.* In addition, the Balancing Authority's historical load and generation data would, over time, provide seasonal and annual historical trends that could be used in a commercially inappropriate manner in the electric markets.

For example, in the Northwest regional bilateral electric market, individual Balancing Authorities engage directly with other market participants. This is in contrast to RTO and ISO regions where the individual market participants are a subset of the broader RTO/ISO Balancing Authority or are BAs within an

¹ EIA Stakeholder Presentation, June 5, 2012, slide 16.

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RTO/ISO market where they are able to engage in a more anonymous manner.² This is important because information considered sensitive for individual Balancing Authorities operating in a bilateral market would not necessarily be considered sensitive for BAs operating in an RTO or ISO market. When the data requested by EIA is provided by each BA individually, as it would be in the bilateral markets, the data could be misused by other market participants to garner unfair commercial advantage because of bilateral market dynamics. In other words, because of market clearing mechanisms in place within an ISO, reporting hourly load data would not negatively impact the ability of a BA located inside that ISO to achieve the lowest possible energy price. However, in a bilateral market, where purchasing and selling parties interact directly and not through a market clearing mechanism, public disclosure of near real-time system data would reveal highly sensitive commercially advantageous information, thus allowing the seller/buyer to benefit at the expense of another party. For these reasons the Northwest BAs object to making Balancing Authority hourly operating data public and encourage the EIA to solicit additional input from the industry, including Reliability Coordinators, to appropriately evaluate the proposal. The Edison Electric Institute (EEI) comments regarding public disclosure of the data EIA proposes to collect echo these concerns.

The Northwest BAs propose that collecting aggregate Regional Reliability Coordinator information instead of localized BA information would provide more abstract data and protect the BAs participating in bilateral markets while achieving EIA's ultimate goals. At a minimum, EIA should recognize the sensitive nature of this information and defer to existing confidentiality agreements.

Near Real-time Reporting Proposal

Reporting demand data within 10 minutes of the end of the reportable hour is not practical and may not report accurate data. Some data, such as dynamic schedules from remote generation facilities, must be updated from estimated values to actual values within 60 minutes after the end of the flow hour as outlined in the Western Electricity Coordinating Council ("WECC") Regional Business Practice for dynamic scheduling.³ In addition, many Western transmission providers have posted business practices that allow changes to dynamic schedules up to the 168th hour past the hour of flow. A Balancing Authority's final load calculations may include such dynamic schedules. Therefore, a requirement to post within 10 minutes of the end of the reportable hour may not provide the best available data.

Duplicative Reporting

Load and forecast data provided on a monthly or daily basis is sufficient for the EIA to use in educating policymakers and the public in basic electric system operations. The load and forecast data is used by transmission providers to calculate their Available Transmission Capacity. Jurisdictional transmission service providers are already required by the Federal Energy Regulatory Commission ("FERC") to post their underlying load forecast assumptions and their actual peak load on their Open Access Same Time Information System ("OASIS") on a daily basis.⁴ This data is available to a jurisdictional transmission provider's customer base and could be made available to the EIA. In addition, under FERC Order 771,

² Requirements for certain RTO and/or ISOs to post near real-time data in many cases is based on regulatory or regional legislative requirements that may not reflect, or even have considered the commercial sensitivity of the data. EIA's assumption that the data are not commercially sensitive is overreaching. Quite the opposite can be true based on the market structure in which a BA participates.

³ INT-008-WECC-RBP-1 "Dynamic Schedule e-Tagging Requirements", 6-14-2007

⁴ *Preventing Undue Discrimination and Preference in Transmission Serv.*, 118 FERC ¶ 61,119, P 413 (2007) ("Order No. 890"), *order on reh'g*, 121 FERC ¶ 61,297 (2007) ("Order No. 890-A"), *order on reh'g*, 123 FERC 61,299 (2008) ("Order No. 890-B"), *order on reh'g*, 126 FERC ¶ 61,228 (2009) ("Order No. 890-C"); *order on reh'g*, 129 FERC ¶ 61,126 (2009) ("Order No. 890-D").

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BAs are required to ensure that the FERC has access to electronic tags (e-Tags) used to schedule the transmission of electric power interchange transactions in wholesale markets. This data is available to the EIA and interested parties with the proper execution of a Non-Disclosure Agreement (NDA).

Several entities (Reliability Coordinators, the North American Electric Reliability Corporation (“NERC”), Public Service Commissions, and now the EIA) require similar data from BAs. To minimize both the burden and the impact to reporting BAs, the Northwest BAs suggest that the EIA employ the existing data to accomplish its objective. The Northwest BAs agree with EEL’s comments that the type of data EIA proposes to collect would be far less burdensome to obtain from existing sources, if EIA needs the information, than for the EIA to create Form EIA-930.

Cost Considerations

EIA’s proposed requirement to publically post operational data on an hourly basis would create an incremental cost for Balancing Authorities that are also Load Serving Entities. Therefore, retail end users would ultimately pay that incremental cost in their retail rates. Net energy for load (system demand) and the day-ahead demand forecasts as provided under FERC Order 890 to the WECC Regional Reliability Coordinator are sufficient to illustrate a Balancing Authority’s load variability and regulating margin requirements and should be sufficient to accomplish EIA’s goals without the need to publicly post additional commercially sensitive and confidential information. Access to the information via an appropriately executed Non-Disclosure Agreement with the Regional Reliability Coordinator would provide EIA with sufficient data granularity, ensure data consistency across all Balancing Authorities, and mitigate the cost burden that would be imposed on BAs by providing the data as requested in the Form EIA-930 survey.

Meeting the proposed data posting deadlines would involve automation of data transfer through a secure interface that would require storage, maintenance and management. The Northwest BAs are also concerned that a requirement to post hourly data would involve the purchase of particular products or tools to comply. Accordingly, there would likely be significant cost associated with compliance with EIA’s proposal. Because neither the web address nor the standard format proposed is specified, the Northwest BAs cannot provide the EIA with an assessment of the burden to comply with the proposal. The EIA should expand upon and communicate the benefit and burden of its data collection proposal.

Conclusion

Requiring a Balancing Authority to post hourly operational data in near real-time inappropriately requires the public dissemination of commercially sensitive information (particularly in bi-lateral markets) that, under other reporting regimes, is protected information. The combination of both load and generation information at the Balancing Authority level, even if provided historically, is commercially sensitive information and is entirely proprietary. The understanding of basic electric system operations that the EIA seeks can be provided with existing, less-granular system operating data at the Balancing Authority level, subject to an appropriate Non-Disclosure Agreement. Such information is already provided to other agencies and, therefore, a new requirement to provide such information is duplicative, creates additional burden on the Balancing Authority to maintain and manage the data, and, ultimately, creates additional costs that must be borne by retail customers. The Northwest BAs urge the EIA not to post Balancing Authority hourly operating data on a public website and further request that the EIA not impose duplicative reporting requirements⁵.

⁵ Interfacing with an internet address to automatically transfer data raises concerns about cyber-security in general, and implementation of the appropriate protections to mitigate security risks also has an associated cost.

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Another concern is the risk of failure in an automated data transfer and the procedure to remedy such a failure. Additionally, Balancing Authority reliability risks may be subject to discovery by malicious actors through the public posting of hourly operating data.

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