

**ORIGINAL**



Your Touchstone Energy® Cooperative 

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>ELECTRONIC APPLICATION OF</b>	)	
<b>BIG RIVERS ELECTRIC CORPORATION</b>	)	<b>Case No.</b>
<b>FOR ENFORCEMENT OF</b>	)	<b>2019-00269</b>
<b>RATE AND SERVICE STANDARDS</b>	)	

**Revised Responses to Item Nos. 7 and 22 of  
Commission Staff's Initial Request for Information  
dated  
May 19, 2020**

**FILED: June 11, 2020**

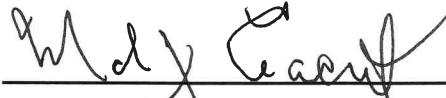
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**BIG RIVERS ELECTRIC CORPORATION**

**ELECTRONIC APPLICATION OF  
BIG RIVERS ELECTRIC CORPORATION  
FOR ENFORCEMENT OF RATE AND SERVICE STANDARDS  
CASE NO. 2019-00269**

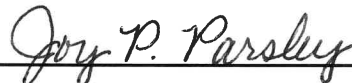
**VERIFICATION**

I, Mark J. Eacret, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

  
\_\_\_\_\_  
Mark J. Eacret

COMMONWEALTH OF KENTUCKY )  
COUNTY OF HENDERSON )

8<sup>th</sup> SUBSCRIBED AND SWORN TO before me by Mark J. Eacret on this the  
\_\_\_\_\_ day of June, 2020.

  
\_\_\_\_\_  
Notary Public, Kentucky State at Large  
My Commission Expires \_\_\_\_\_

Notary Public, Kentucky State-At-Large  
My Commission Expires: July 10, 2022  
ID: 604480

**BIG RIVERS ELECTRIC CORPORATION**  
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**June 8, 2020**  
**Revision June 11, 2020**

- 1 Item 7) *Refer to Berry Testimony, page 19 of 53, and Exhibit Berry-2.*
- 2 a. *Explain the parties involved and the process by which Henderson*
- 3 *determines its annual capacity reservation needs and whether there*
- 4 *was a set schedule with an annual escalation of required capacity.*
- 5 *Highlight the roles that MISO and BREC plays in this process, if*
- 6 *any.*
- 7 b. *Explain who determines and enforces the requirement that*
- 8 *Henderson submit its capacity reservation.*
- 9 c. *The Commission's January 5, 2018 Order in Case 2016-00278 defines*
- 10 *Excess Henderson Energy (EHE) as "the difference between*
- 11 *Henderson's reserved capacity under the Power Sales Contract, or*
- 12 *115 MW as of 2016, and the amount of capacity needed by Henderson*
- 13 *to serve its native load and for sale by Henderson to third-parties."*
- 14 *In that Order, the Commission found "that Big Rivers is not required*
- 15 *to pay for any variable costs associated with Excess Henderson*
- 16 *Energy that Big Rivers elects not to take." To the extent known,*

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- 1        *provide BREC's understanding of the basis for Henderson's claim*  
2        *that it does not have to accept ownership of the EHE. Explain*  
3        *whether the basis for Henderson's claim is that since it only reserved*  
4        *115 MW of capacity, then in Henderson's view, the EHE does not exist*  
5        *because there is no difference between what it reserved and what*  
6        *was needed to serve native load.*
- 7        *d. For each year that Henderson submitted a capacity reservation less*  
8        *than its required reserve level, provide the amount of capacity that*  
9        *Henderson consumed relative to its capacity reservation and its*  
10       *required capacity reservation.*
- 11       *e. Identify and explain the contract that governs what happens in*  
12       *instances in which Henderson actually consumes more capacity*  
13       *than it reserved in a given period.*

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1 **Response)**

- 2       a.   Per section 3.3 of the Power Sales Contract, in March of each year HMP&L  
3           provides to Big Rivers a capacity reservation letter for the following five  
4           years. HMP&L is required to reserve enough capacity to meet its annual  
5           peak demand plus reserves. Big Rivers does not know the process which  
6           Henderson used to calculate its capacity reservation, other than for the  
7           2018 MISO Planning Year. The calculation that Henderson used for that  
8           year was provided in the Brad Bickett e-mail provided as Attachment 1 to  
9           Big Rivers' response to Item 24 of Commission Staff's Initial Request for  
10          Information. The Power Sales Contract allows HMP&L to increase or  
11          decrease its capacity reservation by a maximum of 5 MW each year. There  
12          was no known annual escalation and Big Rivers is unaware of any  
13          involvement by MISO.
- 14       b.   Section 3.3 of the Power Sales Contract establishes the requirement for  
15          Henderson to provide its annual capacity reservation.

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1 c. It is important to differentiate between the annual process by which  
2 Henderson establishes its capacity reservation and the hourly difference  
3 between that capacity reservation and actual Henderson load. The annual  
4 capacity reservation process is intended to ensure resource adequacy; that  
5 Henderson will have enough capacity to meet its annual peak load  
6 obligation plus reserves. Once that is established, the real-time difference  
7 between the capacity reservation and actual Henderson load becomes  
8 Excess Henderson Energy.

9 Big Rivers is not aware of any basis supporting Henderson's position  
10 that it does not own the Excess Henderson Energy that Big Rivers declined  
11 to take. Moreover, the Commission has already settled that issue.

12 d. Henderson reserved insufficient capacity in each of the six MISO planning  
13 years from 2013 through 2019. Capacity is actually consumed prior to the  
14 start of the MISO planning year. Based upon the Henderson's projection of  
15 peak load and its SEPA allocation, the quantity of MISO Zonal Resource  
16 Credits (ZRCs) from Station Two required to meet Henderson's resource

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1           adequacy obligation for the planning year was established. That required  
2           capacity reservation quantity (measured in ZRCs) became unavailable for  
3           any other purpose. Please see the attachment to this response; it shows the  
4           Calculation of HMPL Capacity Reservation Shortfall for 2013 through  
5           2019.

6           e. None of the provisions of the Station Two Contracts authorize Henderson  
7           to consume more capacity than it was required to reserve. Because many  
8           costs under the Station Two Contracts were allocated between the parties  
9           based on Henderson's reservation, if Henderson were able to reserve less  
10          capacity than it required, it could have shifted Henderson's share of Station  
11          Two Costs to Big Rivers. For that reason, the Station Two Contracts do not  
12          allow Henderson to reserve less capacity than required.

13

14

15 **Witness)**   Mark J. Eacret

16

**Big Rivers Electric Corporation  
Case No. 2019-00269  
HMPL Capacity Deficits  
PY 2014/15 through PY 2017/18**

	HMPL Peak Demand mW	Transmission Losses %	Planning Reserve Margin %	HMPL Planning Reserve Margin mW	HMPL 1 & 2 ICAP mW	HMPL 1 & 2 UCAP as established by MISO mW	HMPL Annual Reservation MW	HMPL Share of MISO Capacity adjustment (EFORD) mW	HMPL Share of MISO Station Two UCAP Capacity mW	HMPL SEPA Capacity as accredited by MISO mW	Total HMPL MISO Capacity (Reservation plus SEPA) mW	Excess / (Deficient) HMPL MISO Capacity mW
PY 13/14	115	1.3%	6.2%	123.7	312.0	293.1	115.0	7.0	108.0	12.0	120.0	(3.7)
PY 14/15	116	1.3%	7.3%	126.1	312.0	290.4	115.0	8.0	107.0	-	107.0	(19.0)
PY 15/16	110	1.5%	7.1%	119.6	312.0	292.1	115.0	7.3	107.7	10.0	117.7	(1.9)
PY 16/17	110	1.6%	7.6%	120.3	312.0	290.3	115.0	8.0	107.0	10.0	117.0	(3.3)
PY 17/18	104	2.2%	7.8%	114.6	310.0	270.6	115.0	14.6	100.4	9.5	109.9	(4.7)
PY 18/19	104	1.7%	8.4%	114.6	310.6	260.4	115.0	18.6	96.4	10.0	106.4	(8.2)



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1 **Item 22)** *Refer to Eacret Testimony, page 5 of 10. Explain whether MISO*  
2 *allows a member to reserve capacity outside of its load zone.*

3

4 **Response)** A MISO member must own sufficient capacity (expressed in  
5 Zonal Resource Credits (ZRC's) within its own load zone to meet its resource adequacy  
6 requirements. If ZRC's are purchased in a different load zone to meet a resource  
7 adequacy requirement, sufficient transfer capability between the two zones must  
8 exist. If that transfer capability does not exist, then the member will still be required  
9 to purchase ZRC's in its own load zone, either bilaterally or in the Planning Resource  
10 Auction (PRA), and the position in the other zone becomes a price hedge. However,  
11 price separation between Local Resource Zones may occur due to constraints binding  
12 in the PRA. As the Market Participant responsible to MISO for settlement of charges  
13 related to Henderson, Big Rivers would have been subject to risk should price  
14 separation have occurred.

15 See MISO Business Practice Manual BPM 011-Resource Adequacy available  
16 at: <https://www.misoenergy.org/legal/business-practice-manuals/>.

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1

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3 **Witness)** Mark J. Eacret

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