

**Guide to Bonneville Power Administration
New Large Single Load Determinations**

Bonneville Power Administration

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Preface

This guide is intended for the use of utilities and consumers with electrical loads that may be subject to the New Large Single Load provisions of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act), P.L. 96-501. Section 3(13) of the Northwest Power Act states:

"New Large Single Load" means any load associated with a new facility, an existing facility, or an expansion of an existing facility:

- (1) which is not contracted for, or committed to, as determined by Bonneville, by a public body, cooperative, investor-owned utility, or Federal agency Customer prior to September 1, 1979, and
- (2) which will result in an increase in power requirements of such Customer of ten average megawatts or more in any consecutive twelve-month period.

This definition has been incorporated into BPA's power sales contracts with its utility customers. Provisions to implement the NLSL directives of the Act are included in section 8 of the contracts. The principal NLSL provisions of section 8 are discussed below.

This guide includes background on NLSL provisions, an overview of decisions involved in service to new large loads, and descriptions of the three principal types of BPA determinations affecting those loads. These are: (1) contracted for, committed to (CF/CT) determinations; (2) facility determinations; and (3) new large single load determinations.

The discussions included here provide the essential features of NLSL planning and determinations, but they cannot be expected to provide all of the detail applicable in any particular case. For further information on this subject, the reader should contact the nearest BPA Area or District Office.

Background

Origin of New Large Single Load Restrictions

When the Northwest Power Act was being developed in the late 1970s, BPA and the region fully expected to be facing power supply deficits in the near future. In fact, in 1975, BPA had issued Notices of Insufficiency to its investor-owned utility customers (IOU's), which ended firm sales to IOU's. BPA's efforts to develop a power allocation policy anticipated shortages for another major BPA customer group, the preference utilities. These expected shortages stimulated the development of provisions in the act, including the new large single load provisions, which would limit access to federal power.

There were a number of factors which contributed to the inclusion of NLSL provisions on the Northwest Power Act.

First, NLSL provisions helped broaden support for passage of the Act among representatives of other parts of the United States. NLSL restrictions in the Northwest would protect industry in other parts of the country by eliminating rate inducements to relocate to the Pacific Northwest. This was a critical element in securing support for the Act from Congressional members from the Northeast.

Second, NLSL restrictions were also intended to equalize rates to new industries between BPA's preference utility customers and IOU's. This increased support for the Act from Northwest IOU's.

Third, NLSL provisions were included to induce DSI's to sign new contracts with BPA. By preventing DSI's from obtaining retail service from preference utilities at the relatively low priority firm rates, NLSL provisions helped to obtain the regional reserves and rate support from DSI's that were part of the structure of the Act.

Fourth, NLSL provisions were intended to preserve Federal base system resources for residential and farm loads (especially important because of the expected regional resource deficits).

Finally, NLSL provisions were designed to motivate, by means of marginal cost pricing, the adoption of energy-efficient processes or designs by new industries. Conservation and environmental groups therefore supported NLSL provisions in the interest of energy efficiency.

Northwest Power Act References

Several sections of the Northwest Power Act refer to NLSL's. Section 3(13) defines New Large Single Loads. Section 7(b)(4) prohibits NLSL's from receiving service at the Priority Firm Power rate. Section 5(c)(7)(A) excludes the cost of resources used to serve NLSL's from a utility's Average System Cost under the Residential Exchange program.

Effects on Preference Customers and IOU's

Preference customers who serve NLSL's would see an increase in their power bills from BPA compared to the costs of serving other loads. Power to serve NLSL's must be sold to utilities at the higher New Resources Firm Power (NR) rate, while BPA serves other loads at the relatively lower Priority Firm Power (PF) rate. A preference utility would have to recover the higher cost of NR power from its ratepayers. These higher costs may influence a new industry's decisions on where to locate a new operation.

IOU's, on the other hand, are required under the Northwest Power Act to pay the NR rate for all requirements power from BPA, except power exchanged to serve the IOU's residential loads, so the rate for BPA power to serve an NLSL would not differ from the rate to serve other commercial or industrial loads. However, the costs of resources to serve the NLSL are excluded from the utility's Average System Cost, likely reducing payments under the Exchange Program under section 5(c) of the Northwest Power Act. Service to NLSL's will remove high cost resources from the utility's Average System Cost, reducing the difference between ASC and BPA's costs, which in turn reduces the utility's exchange payments from BPA. The end result is to increase the utility's costs, which will probably tend to increase rates.

For all utilities, the information requirements for NLSL determinations and the monitoring and reporting requirements under the power sales contracts result in BPA involvement in relations between the utility and the consumer to a much greater degree than occurred prior to the Northwest Power Act. As the text below shows, NLSL requirements and determinations require a lot of information and planning which may significantly alter an industry's approach to the development of new operations.

Overview of New Large Single Load Planning

The following discussion shows the sequence of decisions involved in planning service to a potential new large single load (NLSL). Reference sources, principally from BPA's utility power sales contracts (PSC), are shown in parentheses. (The 5/23/86 letter referenced is Attachment B to this guide.)

Before the Load Increase Occurs:

Identify a planned new load, or a planned expansion of an existing load, of 10 aMW or greater within a 12-month period. The utility has an obligation under section 8(c) of the power sales contract to notify BPA of the load's potential to become an NLSL, and at the same time must notify BPA if it intends to serve the load with dedicated resources under step #5 below. If the utility (other than an investor-owned utility) fails to report an NLSL, BPA must backbill the utility for the difference between the PF and NR rates, plus interest and late charges, unless the utility reasonably could not have known about the load. (PSC 8(i))

Sequence of Decisions:

1. Was the load served by the utility, or did the utility make a commitment to serve the load, prior to 9/1/79? (PSC 8(b))

If so, request a contracted for, committed to (CF/CT) determination. Once BPA makes the CF/CT determination, there is no NLSL potential until the load increases by 10 aMW over the CF/CT amount in one 12-month measuring period.

2. Does the load consist of more than one facility? (PSC 8(a))

If so, request a facility determination. The increase in load at each facility is measured separately for the purpose of determining whether the facility is an NLSL.

3. Can the increase in load be limited to annual increments of less than 10 aMW for any facility, before a 10 aMW or greater increase occurs, as measured in twelve-month periods from either the date of energization or the date of first commercial operation for new loads, or from September 1 of each year for CF/CT loads? (5/23/86 letter)

If so, for new operations, identify the start date alternative to be used for each facility and request BPA's concurrence. Operate facilities so that, to the extent feasible, increases in load over the 12-month measuring periods are less than 10 aMW.

4. Can renewable or cogeneration resources at the site be permanently committed to the load so as to reduce the net annual increase in load to less than 10 aMW in any of the prescribed measuring periods? (PSC 8(e))

If so, apply the resources to the load. [Note: If the committed cogeneration or renewable resources are withdrawn from service to the load, the entire load will become an NLSL if it would have been an NLSL without the withdrawn resources, unless the withdrawal was caused by uncontrollable events.]

5. Can resources other than Firm Resources under the utility's power sales contract with BPA ("NLSL resources") be dedicated to the NLSL? (PSC 8(e))

[Note: Resources dedicated to NLSL's are designated "NLSL resources," rather than "dedicated resources," in order to distinguish them from resources dedicated to utility firm loads.]

If so, dedicate resources to the expected NLSL by removal of the NLSL resources, according to the terms of PSC section 12, from the utility's Firm Resources in Exhibit I (and Assured Capability in Exhibit J, if the utility is a computed requirements customer) and by removal of the load to be served with the NLSL resources from the utility's Actual Firm Load in Exhibit L. [Note: BPA has no obligation to serve the NLSL if the NLSL resources fail or are not adequate to serve the load removed from Actual Firm Load. Any BPA service to such a load would be charged as an unauthorized increase in service.]

6. Is the load likely to become an NLSL, so that it should be billed as an NLSL from the expected effective date of NLSL status? (PSC 8(d))

If BPA and the utility agree that the load will become an NLSL, the load will be treated as an NLSL for billing purposes from the start of commercial operation. If the utility and the consumer are uncertain whether the load will become an NLSL, they may want to select the rebating option. Rebating allows billing as an NLSL from the beginning of the 12-month period in which the load becomes an NLSL, instead of backbilling after the load has exceeded 10 aMW, and thus avoids interest charges on backbilled amounts.

Measurement of Consumption to Determine NLSL Status:

1. Begin measurement of the consumption of the load.
 - a. Establish the start date and hour for the 12-month measuring period. The utility should select, with BPA's concurrence, either the date of energization or the date of first commercial operation as the start date for measurement. To avoid complications in metering and billing, it is preferable to start load measurement at the beginning of the billing month. Knowing the precise hour of startup may be important in measuring load if the annual increase in consumption is close to 10 aMW.

For existing loads, including all CF/CT loads, the start date for measurement is September 1, based on the September 1, 1979, cutoff date for grandfathered loads under the Northwest Power Act.

- b. Measure consumption at the consumer's facilities rather than at the utility point of delivery from BPA.
 - c. Construction loads are not included in first year consumption, and do not establish the energization date. The energization date must be based on the consumption of power by a permanent installation (other than substation equipment) owned by the consumer.
2. Read the meter(s) at the load on the anniversary of the start date. As noted above, it is preferable for the start date to match the start of the billing period; otherwise, it will be necessary to arrange for a special reading on each anniversary date. To obtain a precise measurement over the 12-month measurement period (necessary when the increase in load over the measuring period is close to the 10 aMW threshold amount) it may be necessary to read the meter at the same hour of the day that the measuring period started.
 3. Calculate the amount of the increase. If the load is a new load in its first year of measurement, the increase is simply the total consumption for the measuring period. If the load was in operation in previous measuring periods, the increase is the difference between the consumption during the measuring period and the consumption during the immediately preceding 12-month period.
 4. Adjust for load normalization, if appropriate. BPA must adjust the comparison of amounts of consumption in two 12-month periods to eliminate any reductions in the load due to "unusual events reasonably beyond the control of the Consumer." Normalization is possible where the consumer's facility has a period of normal operation, then a period of reduced load, and then an increase in load. The consumer requests normalization through the retail utility, supplying data to support the request. (PSC 8(f))
 5. If cogeneration or renewable resources are permanently committed to the load, the load measured for the purpose of determining whether the load is an NLSL must be the net load after the subtraction of the amount served by the committed cogeneration or renewable resources. If the resource is removed from service to the load, the entire load is measured to determine whether the load is an NLSL, unless BPA determines that the removal was due to uncontrollable events. (PSC 8(e))
 6. If, after all of the above adjustments, the increase over the 12-month measuring period is greater than 10 aMW, the facility is an NLSL as of the beginning of the 12-month measuring period. The amount of the NLSL includes both the threshold 10 aMW amount and the increase above 10 aMW. All future increases in the load at the facility are also part of the NLSL. (PSC 8(g))

7. Increases in load will continue to be a concern for large loads that have not become NLSL's, particularly loads that decline in size but which may eventually resume consumption at historical levels. The increase in load from one year to the next will continue to control the status of the load, unless a reduction in load is "due to unusual events reasonably beyond the control of the Consumer." Where the reduction is due to such events, the increase in load is "normalized," i.e., measured for NLSL purposes, as if the load reduction had not occurred. (PSC 8(f))

In all other cases, especially where the reduction in load is the consumer's voluntary choice, the consumer and the utility must be vigilant about resuming consumption if the increase from the previous 12-month measuring period will be 10 aMW or more. The right to service at the PF rate, which is secured by phasing in a load in increments of less than 10 aMW in each 12-month measuring period, is not necessarily permanent. Except for normalized loads, PF service depends on avoiding load increases of 10 aMW or more in any 12-month measuring period as compared with the previous period.

Mechanics of NLSL Service (after NLSL status is established):

Several aspects of NLSL service must be developed specifically for each utility customer as an NLSL develops. BPA will continue to work with its utility customers to develop appropriate mechanisms for scheduling and billing NLSL's and arranging the dedication of resources to NLSL's where appropriate. BPA realizes that other issues of NLSL service will likely arise as plans for NLSL service proceed and as new variations of NLSL service occur.

Contracted For, Committed To (CF/CT) Determination Process

Under section 3(13) of the Northwest Power Act, the BPA Administrator has sole responsibility for CF/CT determinations, which are made at the Administrator's discretion.

CF/CT determinations are not NLSL determinations. No NLSL determination can be made for a CF/CT load until it increases by 10 aMW or more above the CF/CT amount within the prescribed 12-month measurement period.

The normal steps in the CF/CT determination process are as follows:

1. The utility makes an informal request to the Area Office for a CF/CT determination (or otherwise seeks guidance concerning service to large industrial loads in circumstances that suggest that a CF/CT determination may be appropriate).
2. BPA staff meets with the utility and the consumer, as appropriate, to:
 - (a) identify the facts of the situation, specifically, the contractual and service arrangements in place as of September 1, 1979;
 - (b) explain relevant NLSL theory, legislative history, and BPA interpretations of NLSL provisions, including the responsibility placed on BPA by Congress "to examine carefully claims that a facility is not a new large single load" (House Commerce Committee Report. p. 52) and BPA's interpretation that a CF/CT determination must be based on a "paper trail" showing significant evidence that a commitment existed prior to September 1, 1979;
 - (c) discuss possible consequences of CF/CT determination, including potential future treatment as a single facility;
 - (d) explain PSC section 8(b) application, including:
 - (1) BPA's interpretation of the terms "contracted for, or committed to," particularly the showing of commitment required (written documentation of a commitment to acquire power to serve the load, contemporaneous with September 1, 1979) if the retail contract does not establish an obligation in the amount desired;
 - (2) the alternative bases for CF/CT determinations listed in PSC section 8(b), specifically, contract energy, maximum energy consumption of the load, or contract demand (if contract energy is not specified); and
 - (3) the evolution of CF/CT determinations to apply a 100 percent load factor to retail contracts based on contract demand;

- (e) outline the normal CF/CT determination process; and
 - (f) identify needed documentation.
3. The utility submits a formal request for a CF/CT determination to BPA, with initial documentation of the utility's commitment to serve the load.
 4. BPA reviews the submittal. If necessary, BPA requests supplemental information or revisions from the utility.
 5. BPA informs the utility of its decision by a letter accompanied, if appropriate, by a revised Exhibit K, Table 2 showing the amount of the CF/CT load. The utility also receives a copy of a decision paper describing the basis for BPA's decision.
 6. BPA will continue to monitor the load annually to establish the extent to which the load is using the CF/CT amount and to obtain advance notice if the load grows in amounts that may require an NLSL determination. Earlier notice, if available, will facilitate faster NLSL decisions. If the facility is transferred from one owner to another, the utility should provide BPA with copies of the contracts transferring ownership and assigning electrical service to the new owner, so that BPA has proof that the new owner is entitled to CF/CT treatment.

Facility Determination Process

A facility determination under section 8(a) of the power sales contract is to be a reasonable determination by BPA and the utility. BPA will make the determination in cooperation with the utility with the information provided by the utility and its consumer.

A facility determination is not an NLSL determination. No NLSL determination is warranted until the load at one of the facilities increases by 10 aMW or more above the CF/CT amount, if any, during the prescribed 12-month period.

The normal steps of the facility determination process are as follows:

1. The utility contacts BPA concerning a potential facility determination (or otherwise seeks guidance concerning service to large industrial loads in circumstances in which a facility determination may be appropriate).
2. BPA meets with the utility and the consumer (as appropriate) to:
 - (a) identify the facts of the situation, i.e., the general features of the operations involved, including the size of the load, type of process, schedule for development, location, and electrical service requirements;
 - (b) explain relevant NLSL theory, including the legislative context and objectives, and the NLSL mechanisms which may allow a load or portion of load to receive service at a rate below the NR rate;
 - (c) discuss consequences of a facility determination:
 - (1) separate options for start dates for measuring load increases at each facility;
 - (2) separate schedules for phasing in load; and
 - (3) separate allowances for increase in load up to 10 aMW in each 12-month measuring period;
 - (d) explain the application of the facility determination criteria (PSC 8(a)), including:
 - (1) the determination based on the cumulative effect of all of the criteria;
 - (2) the absence of any prescribed weighting;
 - (3) the application of particular criteria in previous facility determinations; and
 - (4) if appropriate, background on the development of the criteria in the power sales contract negotiations;
 - (e) outline the normal facility determination process; and
 - (f) identify needed documentation.

3. When the plant design and electrical service plans are complete, the utility submits a formal request for a facility determination to BPA. The request consists of a letter from the utility summarizing the facts and requesting a determination, together with documentation from the utility and the consumer showing the factual background. Documentation should be directly related to the section 8(a) criteria. Superfluous detail, such as technical specifications of plant equipment, should be avoided.
4. BPA reviews the submittal. If necessary, BPA requests supplemental information or revisions from the utility.
5. BPA informs the utility of its decision by a letter, accompanied by a copy of a decision paper describing the basis for BPA's decision.
6. BPA will continue to monitor the load annually to determine whether the loads at the facilities are using their CF/CT amounts, and to obtain advance notice if the load at any of the facilities grows in amounts that may require an NLSL determination. The anniversary date for the 12-month measurement period should be identified for each facility, and the utility should report the annual load measurement for each facility to BPA.

New Large Single Load (NLSL) Determination Process

Under the power sales contract, BPA has a unilateral right to make NLSL determinations and a unilateral right to make average system cost (ASC) adjustments under the Exchange program if appropriate. A utility has an obligation under section 8(c) of the power sales contract to report NLSL's to BPA. If a utility (other than an investor-owned utility) fails to report an NLSL, it will be backbilled for NLSL service at the difference between the NR and PF rates, plus interest and late charges, under section 8(i).

There are two principal sources of NLSL determinations. The first is Average System Cost filings under the Residential Exchange program, which has been the source of BPA's initial NLSL determinations. The second is notifications required under section 8(c) of the power sales contract and agreements between BPA and the purchaser concerning billing of prospective NLSL's under section 8(d). The latter actions are expected for some of the loads that have been the subject of facility determinations. Procedures for both of these methods are described below.

Development of NLSL Determinations from Average System Cost (ASC) Filings:

1. When BPA identifies a possible NLSL from a utility ASC filing, BPA notifies the utility and submits a data request to obtain information about the size of the load and its electricity consumption history.
2. BPA meets with the utility and the consumer, as appropriate, to:
 - (a) identify the facts of the situation;
 - (b) explain relevant NLSL theory, legislative history, and BPA interpretations of NLSL provisions (including CF/CT determinations, facility determinations, and other BPA practices that may affect the power costs to the load);
 - (c) discuss possible consequences of an NLSL determination, including:
 - (1) applicability of the NR rate to BPA requirements service (Northwest Power Act section 7(f));
 - (2) the inability of an NLSL to revert to PF service (unless equipment creating the load is permanently removed) (PSC 8(g));
 - (3) the "last-on, first-off" treatment of NLSL loads (PSC 8(g));
 - (4) the generic ASC consequences of NLSL status; and
 - (5) the potential to dedicate resources to serve the load (PSC 8(e));
 - (d) explain PSC 8(b) application, including:
 - (1) the measurement of the increase in load based on total consumption rather than load placed on the utility (unless cogeneration or renewable resources are committed to the load);
 - (2) the fixed 12-month measuring period; and

- (3) for new loads (not CF/CT loads), the options for setting the start of the period, i.e., either the date of energization or the date of first commercial operation;
 - (e) outline the applicable NLSL determination process;
 - (f) identify needed documentation; and
 - (g) if appropriate, inform the utility that the ASC rate will be determined contingent upon the NLSL determination.
3. BPA requests any additional information needed from the utility, either through meetings and other contacts through the Area Office, or through ASC data requests, including:
- (a) any data necessary for the above analysis; and
 - (b) except for CF/CT loads, the utility's choice of starting date for measuring load increases--either the date of energization or the date of first commercial operation. The anniversary date for measurement of load increases at all CF/CT loads is September 1.
4. BPA informs the utility of its decision by a letter accompanied, if appropriate, by a revised Exhibit K, Table 1, showing the amount and location of the NLSL. The utility also receives a copy of a decision paper describing the basis for BPA's decision.

Development of NLSL Determinations for Planned NLSLs:

NLSL determinations for planned NLSL's are expected to occur in the context of a long-term planning process, involving both the utility and BPA, to arrange service to a new or expanded load. BPA Area and Headquarters staff should be familiar with the load due to contacts earlier in the process, when the utility should have considered CF/CT determinations, facility determinations, and other aspects of BPA's NLSL policies and practices. Therefore, the issue of an NLSL determination for the planned load should be the final step in the process of arranging service to a new industrial load.

The NLSL determination process for planned NLSL's has two phases. First, procedures are established for service, load monitoring, and billing for the prospective NLSL. Second, the formal NLSL determination is made once the load has increased by more than 10 aMW in a 12-month measuring period.

Phase One - Planning Service, Load Monitoring, and Billing

1. The utility notifies BPA that the consumer and the utility are committed to plans that will result in load increases at a facility exceeding 10 aMW in one of the prescribed 12-month measuring periods.

2. BPA requests any information needed from the utility, including:
 - (a) the expected size of the load and schedules of load development to determine when the load is expected to exceed the 10 aMW threshold;
 - (b) the utility's choice, if any, of starting date for the 12-month load measurement period--date of energization or date of first commercial operation at the facility--unless the load is a CF/CT load, in which case the anniversary date for measurement of increases in load will be September 1;
 - (c) the utility's plans, if any, to "phase in" load increases at the facility in annual increments less than 10 aMW, including:
 - (1) the expected amount of phased-in load;
 - (2) the monthly distribution of the phased-in energy load; and
 - (3) the amount of demand to be associated with the phased-in energy;
 - (d) the utility's plans, if any, to dedicate resources to all or part of the load, or to permanently commit cogeneration or renewable resources to the load:
 - (1) identify the resources to be dedicated, and the extent to which they will be able to supply the requirements of the load;
 - (2) integrate the dedication of resources into the annual load and resource planning process;
 - (3) make appropriate revisions in exhibits to the power sales contract, including Exhibit I (the Firm Resources Exhibit), Exhibit J (Assured Capability), and Exhibit L (Special Provisions); and
 - (4) verify transmission and scheduling arrangements to deliver the dedicated resources to the load.
3. BPA and the utility work together to resolve issues concerning service to the load, including:
 - (a) billing procedures to address all classes of power to be delivered to the facility, including any priority firm power for phased-in portions of the load, resources to be dedicated to all or part of the prospective NLSL, and new resources power to be supplied to the load by BPA;
 - (b) BPA's concurrence with the utility's choice of starting date for measuring load increases, either the date of energization or the date of first commercial operation;
 - (c) the utility's dedication of resources, if any, under PSC 8(e) by appropriate revisions to Exhibits I, J, and L.
4. Once these procedures and plans are completed, service to the load can begin. From the start of the first 12-month measuring period, BPA will monitor the load to ascertain whether an increase of 10 aMW or more has

occurred. If, after a period of normal commercial operation, growth in the load is affected by "unusual events reasonably beyond the control of the Consumer," it may be necessary for BPA to consider whether normalization is required under section 8(f) of the power sales contract.

Phase Two - Formal NLSL Determination

5. Once the load at the prospective NLSL has increased by more than 10 aMW during the selected 12-month measuring period, BPA begins the process of making an NLSL determination. The determination process may begin before the end of the 12-month period if the 10 aMW threshold has been exceeded.
6. BPA assembles available information concerning the load, including:
 - (a) the amount of the load during the 12-month period in which the 10 aMW increase occurred and in the immediately preceding 12-month measuring period;
 - (b) the start date of the 12-month period during which the 10 aMW increase occurred, on which the load becomes an NLSL;
 - (c) any normalization of load, under section 8(f) of the power sales contract, during the 12-month measuring period preceding the period of the 10 aMW increase. [Note: Normalization is possible only if there is a period of normal commercial operation, followed by a period of load reduction, and then an increase in load.]
7. BPA informs the utility of its decision by a letter accompanied, if appropriate, by a revised Exhibit K, Table 1, showing the amount and location of the NLSL. The utility also receives a copy of a decision paper describing the basis for BPA's decision.

8. Determination of New Large Single Loads.

EXHIBIT A

(a) Determination of a Facility.

Bonneville and the Purchaser shall make a reasonable determination of what constitutes a single facility, for the purpose of identifying a New Large Single Load, based upon the following criteria:

- (1) whether the load is operated by a single Consumer;
- (2) whether the load is in a single location;
- (3) whether the load serves a manufacturing process which produces a single product or type of product;
- (4) whether separable portions of the load are interdependent;
- (5) whether the load is contracted for, served or billed as a single load under the individual Purchaser's customary billing and service policy;
- (6) consistent application of the foregoing criteria in similar fact situations; and
- (7) any other factors the parties determine to be relevant.

§8(a)

Bonneville shall show an increase in load associated with a Consumer's facility which has been determined to be a New Large Single Load on Table 1 of the New Large Single Load Determinations Exhibit. Bonneville shall show loads associated with a Consumer's facility which Bonneville has determined were contracted for, or committed to prior to September 1, 1979, on Table 2 of the New Large Single Load Determinations Exhibit. Bonneville shall have the unilateral right to amend Table 1 or make additions to Table 2 of such exhibit to reflect such determinations when made.

(b) Determination of Ten Average Megawatt Increase.

An increase in load shall be considered a New Large Single Load if the energy consumption of the Consumer's load associated with a new facility, existing facility or expansion of an existing facility during the immediately past twelve-month period exceeds by ten average megawatts or more the Consumer's energy consumption for such new facility, existing facility or expansion of an existing facility for the consecutive twelve-month period one year earlier, or the amount of the contracted for, or committed to load of the Consumer as of September 1, 1979, whichever is greater.

§8(b)

The contracted for, or committed to load as of September 1, 1979, shall be the maximum amount of energy specified in such contract or commitment, the maximum energy consumption of the load or the capacity limitation contained in such contract or commitment if energy is not specified or limited.

(c) Identification of Potential New Large Single Loads.

The Purchaser shall make reasonable efforts to identify potential New Large Single Loads, and shall report to Bonneville

- (1) the addition of electrical equipment of ten MVA or more by a single Consumer;
- (2) the installation of additional transformation capacity of ten MVA or more by the Purchaser or a Consumer which is designed to serve a single facility; or
- (3) the potential change in operation of a facility which may result in an increase of ten average megawatts or more in a twelve-month period.

(d) Agreed Upon Monitored Loads.

All of this subsection (d) except for the last paragraph regarding consultation on billing of New Large Single Loads shall not apply if the Purchaser is an investor-owned utility.

Based upon the available information concerning an increase in load, Bonneville and the Purchaser may agree that an increase in load associated with a new facility, existing facility or expansion of an existing facility should be considered a New Large Single Load from the date of commencement of commercial operation of such increase in load. If Bonneville and the Purchaser cannot determine or agree that the increase in load should be considered a New Large Single Load, the energy used by the facility shall be monitored and reported monthly by the Purchaser to Bonneville following the commencement or the change in operation of the load. If requested, Bonneville and the Purchaser will agree to a Purchaser-specific monitoring procedure.

When Bonneville and the Purchaser cannot determine at the outset that an increase in load will become a New Large Single Load, the Purchaser shall have the option of backbilling or rebating during said load's first year of commercial operation. At the end of the first year of commercial operation a determination will be made whether or not the increase is a New Large Single Load. Whether the Purchaser chooses backbilling or rebating, the load shall be monitored for a twelve-month period. The energy used by the load during such period shall be compared to the energy used during the preceding twelve-month period one year earlier, or the amount of the contracted for, or committed to load as of September 1, 1979.

Under backbilling the Purchaser shall be billed for the increase in load at the Priority Firm Power Rate Schedule or its successor rate schedule during any consecutive twelve-month monitoring period. If the energy consumption of the increase in load reaches 87,600,000 kWh within any consecutive twelve-month monitoring period, the increase in load becomes a New Large Single Load. The Purchaser shall be backbilled for the difference between the Priority Firm Power Rate Schedule actually charged and the New Resource Firm Power Rate Schedule in effect during the monitoring period with interest from the date the increase in load becomes a New Large Single Load; the Purchaser shall then be billed at the New Resource Firm Power Rate Schedule or its successor rate schedule for the New Large Single Load thereafter. If the increase in load does not reach 87,600,000 kWh within any consecutive twelve-month monitoring period, the Purchaser continues to be billed for the entire increase in load at the Priority Firm Power Rate Schedule or its successor.

Under rebating, the Purchaser shall be billed for the increase in load at the New Resource Firm Power Rate Schedule or its successor rate schedule during the monitoring period. If the increase in load reaches 87,600,000 kWh within any consecutive twelve-month monitoring period, the increase in load becomes a New Large Single Load and billing at the New Resource Firm Power Rate Schedule or its successor rate schedule for that load continues thereafter. If the increase does not reach 87,600,000 kWh during any consecutive twelve-month monitoring period, the load shall not be classified a New Large Single Load. The rate schedule applicable to such load becomes the Priority Firm Power Rate Schedule or its successor rate schedule. At the Purchaser's option, Bonneville shall

- (1) rebate to the Purchaser the difference between the New Resource Firm Power Rate Schedule actually charged during the monitoring period and the Priority Firm Power Rate Schedule in effect during the monitoring period plus interest; or
- (2) shall make such adjustment to the Purchaser's next wholesale power bill.

Bonneville shall establish billing procedures for New Large Single Loads in consultation with the Purchaser.

(e) Service To New Large Single Loads.

Subject to the limitations of section 9, Bonneville shall supply Firm Power to serve the Purchaser's New Large Single Loads unless the Purchaser agrees to serve all or a portion of a New Large Single Load either

§8(e)

- (1) prior to the execution of this contract, or
- (2) at the time the Purchaser notifies Bonneville of such load pursuant to section 8(c) and 9(c), or to section 9 if the Purchaser wishes to serve all or a portion of such New Large Single Load with resources other than Firm Resources.

§8(e)

That portion of such New Large Single Load which the Purchaser wishes to serve with resources other than Firm Resources shall be treated as a load which Bonneville is not obligated to serve and shall not be included in the Purchaser's Actual Firm Loads until the Purchaser requests Bonneville to supply Firm Power for that portion of such load and Bonneville agrees to supply the remaining portion of such power. Bonneville shall treat each request for additional power supply under section 9 as though the Purchaser had requested service for the entire New Large Single Load.

If a Consumer of a Purchaser provides a renewable or cogeneration resource to serve all or a portion of a load associated with a facility which would otherwise be a New Large Single Load, and thereby reduces the demand on the Purchaser, that portion of such load on the Purchaser, if any, shall not be a New Large Single Load, unless the load or portion thereof on the Purchaser is ten average megawatts or more; provided, however, that if a Consumer sells, displaces or removes a resource or portion thereof from service to the Consumer's load at such facility, all such load shall be a New Large Single Load unless Bonneville, after consultation with the Purchaser and the Consumer, determines that uncontrollable events prevent service to the Consumer's load by such resource.

(f) Normalization of Consumer's Load.

For the sole purpose of computing the increase in energy consumption between any two consecutive twelve-month periods of comparison under this section 8, reductions in the Consumer's load associated with a facility during the first twelve-month period of comparison due to unusual events reasonably beyond the control of the Consumer shall be determined, and the energy consumption shall be computed as if such reductions had not occurred.

(g) Changes in Load.

If an increase in load becomes a New Large Single Load, such increase shall, subject to the last paragraph of this subsection, remain a New Large Single Load and all subsequent increases in such load or portion thereof shall also be considered a New Large Single Load.

Load reductions to a Consumer's load of a facility shall be on a last on, first off basis. Any load reductions made by a Consumer of a facility shall first reduce that portion of the Consumer's load of that facility which has been identified as a New Large Single Load.

If a Consumer with a New Large Single Load physically and permanently removes equipment which imposes a load at a facility identified as a New Large Single Load, the Consumer's load may be reclassified as no longer being a New Large Single Load if Bonneville determines such equipment imposed a load equivalent to the original increase in load at such facility which caused such load to be classified as a New Large Single Load.

(h) Renewal, Relocation, and Transfer.

The following events shall not cause a load to be considered a New Large Single Load if such event does not result in an increase in power requirements of a Consumer on the Purchaser of ten average megawatts or more during any consecutive twelve-month period as herein above provided:

- (1) renewal or replacement of a contract between the Purchaser and the Consumer based on the original commitment or contract if the capacity specified in the new contract does not exceed the capacity specified in the contract being renewed or replaced;
- (2) relocation, replacement, or renovation of a Consumer's facility within the Purchaser's service area; and
- (3) transfer of a facility to a successor in interest provided that the service or product associated with the facility is essentially unchanged.

(i) Compliance.

Bonneville and the Purchaser agree that should a Purchaser fail to report a New Large Single Load of which the Purchaser has, or reasonably should have had knowledge, such Purchaser shall be backbilled from the date the increase in load became a New Large Single Load. For this subsection only, such backbilling shall include the following costs:

- (1) the difference between the Priority Firm Power Rate Schedule or its successor rate schedule and the New Resource Firm Power Rate Schedule or its successor rate schedule;
- (2) interest charges on the backbilled amount determined at Bonneville's prevailing interest rate; and
- (3) a late payment charge on the backbilled amount. This section 8(i) shall not apply if the Purchaser is an investor-owned utility."

9. Limitation on Increases of Single Loads.

- (a) The limitations of this section shall apply only to industrial facilities of Consumers. Such facilities are defined as those facilities whose primary function falls into one of the following categories, as defined in the Standard Industrial Classification Manual (1972), U.S.O.M.B.:



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

In reply refer to: PKL

MAY 23 1986

To Interested Parties:

This letter is to familiarize you with the Bonneville Power Administration's (BPA) New Large Single Load (NLSL) practices currently in use, particularly the recent discussion on serving new large loads with surplus firm power and/or nonfirm energy.

Section 3(13) of the Northwest Power Act, P.L. 96-501 (Act) defines a NLSL, in part, to be any load associated with a new facility, an existing facility, or an expansion of an existing facility which causes the power requirements of the servicing utility to increase by 10 average megawatts (MWa) or more in any consecutive 12-month period. The utility power sales contract offered by BPA in response to the Act provides a working definition which focuses on the energy consumption at the facility itself. The contract defines any new load or expansion of an existing load at a single facility to be a NLSL if its energy consumption in any consecutive 12-month period exceeds by 10 MWa or more its energy consumption during the immediately preceding 12-month period.

The contract specifies that power purchased from BPA to serve NLSLs must be at the section 7(f) new resource rate. Power is available from BPA at the 7(b) priority firm rate for non-NLSL firm loads of preference customers.

Since passage of the Act and subsequent execution of the contracts, BPA has worked with its customers to develop reasonable, workable practices for providing service to new large loads. The enclosed discussion paper outlines the NLSL practices which BPA and its customers are currently using.

Recently, interested parties asked BPA to explore additional ways of serving new large loads, especially in light of the current power surplus. In response to the requests, BPA explored the possibilities of using a combination of priority firm power (PF) and surplus firm power (SP) and/or nonfirm energy (NF) to bring new large loads on line. Under this "SP/NF Phase-In concept", a new large preference-customer load would receive a 9.9 MWa base level of PF service the first 12 months. Incremental power needs above this base level would be met with SP and/or NF, whenever they were available. Additional 9.9 MWa blocks of PF would be phased-in each subsequent year. In this way, the entire load could ultimately be served totally with PF

as long as the SP or NF had been available in sufficient quantities to allow the PF phase-in process to proceed.

Although the SP/NF Phase-In concept never became a formal BPA proposal, BPA staff informally discussed it with several BPA customers and representatives of the Public Power Council, the InterCompany Pool, industrial concerns, state government officials, the Northwest Congressional delegation, and other interested members of the public.

The concept received mixed reviews. Parties favoring it pointed out it might help BPA dispose of a portion of its surplus and help stimulate regional economic development. Those who opposed it believed it would result in unfair competition and foster load shifting between utilities. Many commenters encouraged additional study of the concept before any official policy was developed.

In addition, many comments on this and other NLSL issues have been received during BPA's scoping process for the environmental impact statement (EIS) being prepared on the power sales contracts offered in response to the Act. Since BPA will be evaluating NLSL issues in this EIS, the analysis of the implications of the SP/NF Phase-In concept will also be performed during that process.

Because the EIS process is already underway and considering the wide spectrum of views on the SP/NF Phase-In concept, BPA believes the concept should be addressed in the following manner:

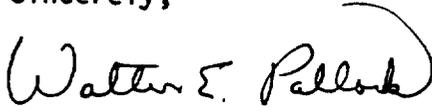
1. BPA will not consider the SP/NF Phase-In concept for existing loads (BPA's current practice) to avoid facilitating load shifts from one utility to another.
2. BPA will study the implications of using the SP/NF Phase-In concept for new loads or expansions of existing loads in the power sales contract EIS currently under development.

Copies of the draft power sales contract EIS Implementation Plan and schedule will be made available to you. The draft Implementation Plan should be ready this summer. Update letters will announce specific public involvement opportunities throughout the EIS process. In the meantime, BPA will continue to operate under existing NLSL practices which do not allow use of the SP/NF Phase-In concept. A final decision on using SP/NF Phase-In for new loads or expansions of existing loads will be made after the power sales contract EIS is completed.

If you have questions about BPA's approach on these NLSL matters, I encourage you to contact Sue Hickey, Deputy Power Manager for Marketing, at

(503) 230-4265, or John Pynch, Assistant Director, Division of Customer Service, at (503) 230-4153.

Sincerely,

A handwritten signature in cursive script that reads "Walter E. Pollock". The signature is written in dark ink and is positioned below the word "Sincerely,".

Walter E. Pollock,
Assistant Power Manager
for Marketing

Enclosure

NEW LARGE SINGLE LOAD PRACTICES CURRENTLY USED
BONNEVILLE POWER ADMINISTRATION

The utility power sales contract offered by the Bonneville Power Administration (BPA) in response to the Northwest Power Act (Act) defines a New Large Single Load (NLSL) to be any new load or expansion of an existing load at a single facility whose power requirements increase by 10 MWa or more in any consecutive 12-month period as compared to its consumption during the immediately preceding 12-month period.

The contract specifies that power purchased from BPA to serve NLSLs must be at the section 7(f) new resource rate. Power is available from BPA at the 7(b) priority firm rate for non-NLSL firm loads of preference customers.

In providing service to new large loads, BPA has used the following practices.

<u>RESPONSIBLE PARTY*</u>	<u>SERVICE PRACTICE</u>
Facility	<u>Phased-In Load</u> (section 8(b), power sales contract) A load can be served with power purchased by a preference customer at the 7(b) rate if the increase in load in any consecutive 12-month period does not reach 10 MWa as compared to the previous 12-month period. Any increase of 10 MWa or more occurring in any consecutive 12-month period causes the load to become a NLSL; the increase and any future increases are to be served at the 7(f) rate.
Facility/ Utility/ BPA	<u>CF/CT Determination</u> (section 8(b), power sales contract; section 3(13)(B), Act) A new load of 10 MWa or more may be served with power purchased by a preference customer at the 7(b) rate if it was "contracted for, or committed to" (CF/CT) by the utility prior to September 1, 1979. CF/CT status assures the load an agreed-upon base level of service at the 7(b) rate for the life of the facility. Any load above the CF/CT level which equals or exceeds 10 MWa in any consecutive 12-month period as compared to the previous 12-month period is considered a NLSL to be served at the 7(f) rate. Once this occurs, any subsequent increment of load is also considered a NLSL to be served at the 7(f) rate.
Utility/ BPA	<u>Facility Determination</u> (section 8(a), power sales contract) A preference customer's new load may be served with power purchased at the 7(b) rate if it consists of two or more distinct loads which meet each of the following criteria: <ul style="list-style-type: none">- are separately metered;- experience annual load growth under 10 MWa;- involve different manufacturing processes or products;- are independent of one another;- are contracted-for and customarily billed as separate loads; and

Facility/
BPA

Start-Up Date (section 8(d), power sales contract)

Either the date of initial energization of a facility (for testing or start-up) or the commencement of commercial operation may be selected, with BPA's concurrence, to define the start of the consecutive 12-month periods. Depending on the anticipated first-year usage pattern of the load, selection of one date over the other may enable a load to receive power purchased by a preference customer at the 7(b) rate.

Utility

Resource Dedication (section 8(e), power sales contract)

A NLSL need not be served with power purchased from BPA. All or a portion of a customer-owned resource which is not included in the utility's Firm Resources Exhibit (FRE) in its power sales contract or which has been withdrawn from the FRE may be dedicated to serving a NLSL. However, if the resource cannot supply the total requirements of the NLSL, BPA may serve the difference at the 7(f) rate with appropriate notice. Firm power at the 7(b) rate can be made available to any preference customer to serve any residual (non-NLSL) Actual Firm Load as defined in the power sales contract formerly served by a resource removed from the customer's FRE for this purpose.

Facility/
Utility

Change in Utility (section 8(b), power sales contract)

A load is not a NLSL if it moves from one location to another within the serving utility's service territory. A load which changes utilities becomes a NLSL if its energy consumption during the first 12-month period commencing on the date it becomes served by the new utility is 10 MWa or more.

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- * This column identifies the entity (or entities) principally responsible for implementing the specific NLSL practice. For example, under the "Phased-In Load" practice, the facility determines the rate at which a load is phased into service.

(WP-PKLD-8673b)