

# Bonneville Power Administration Rate Case Workshop

## NT and PTP Transmission Comparison

Presented by  
Snohomish County PUD  
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# Purpose of Today's Presentation

- To explain and discuss why Snohomish has asked BPA to provide a Transmission Cost of Service study.
- Caveat – The information provided in the following slides represents Snohomish's best efforts at piecing together a picture of NT and PTP services.
- Snohomish uses the term Cost of Service study to mean an analysis of the causal factors behind BPA costs and the allocation of those costs to customers benefiting from these activities.
- Historically, BPA used Segmentation and Transmission Rate Design Studies to allocate costs between and within customer classes.

# NT vs. PTP: Comparable Services?

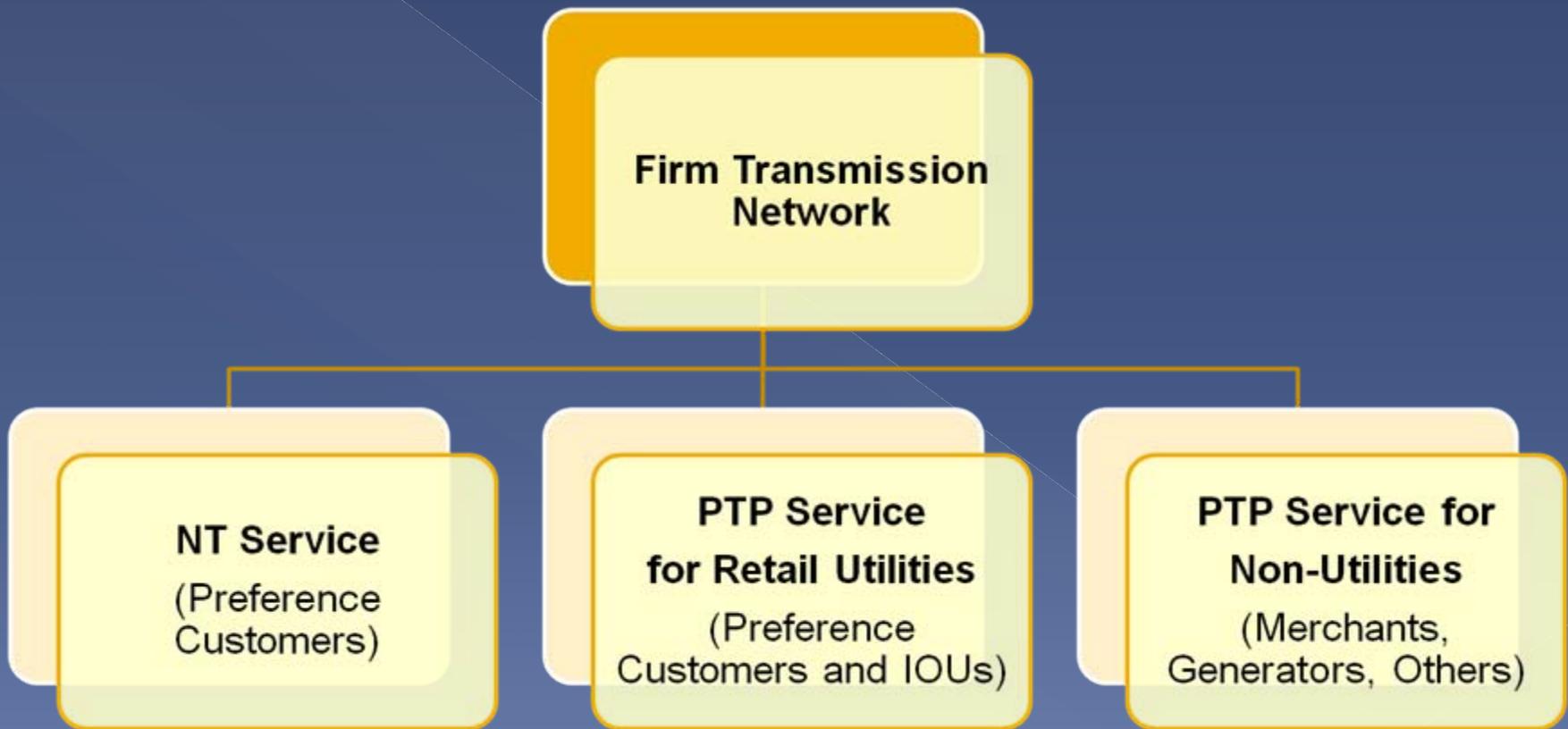
- Integration of Resources (IR) rates, Point-to-Point (PTP) rates, and Network Integration (NT) base charges were set equal to one another when power and transmission rates were unbundled in 1996. The 1996 ROD implies that IR, PTP and NT are comparable services, but does not describe why that conclusion was reached.

“BPA proposed this rate construct for IR, PTP, and NT service to avoid the problems associated with a proposal that includes multiple rates for similar service (in this case, for firm Network service).” .....”Setting transmission rates at the same level for similar services helps to create a competitive market for all bulk power supplies and avoids market distortions.” [BPA 1996 Record of Decision, WP-96-A-02 , page 441]

- This basic rate construct has not changed since the 1996 rate case.
- Snohomish questions whether the services today for NT and PTP are comparable.



# Types of Firm Transmission Service



# Comparison of NT Service and PTP Service

## General Product Characteristics

NT Service	PTP Service for Utilities	Comparable?
<ul style="list-style-type: none"> <li>● Transmits federal or non-federal generation within the BPA BAA to customer distribution sites.</li> <li>● NERC Firm Priority Level 7-FN</li> <li>● Transmission capacity stands ready to meet NT peak loads. BPA must plan for and set aside transmission capacity to fulfill service obligation.</li> <li>● Full Requirements customers with NT service effectively have first place in line for available firm transmission capacity to serve Tier 1 peak loads.</li> <li>● BPA Power acts as agent for NT customers (through provisions in NT MOA).</li> </ul>	<ul style="list-style-type: none"> <li>● Transmits energy from specific Point of Receipt (resources) to Point of Delivery (customer distribution sites).</li> <li>● NERC Firm Priority Level 7-F</li> <li>● PTP customer must plan for and purchase firm transmission capacity ahead of actual need to ensure capacity is available to meet peak loads.</li> <li>● PTP customers must procure and pay for firm transmission capacity through NOS or queues for peak Tier 1 loads.</li> <li>● PTP customers act as their own agent.</li> </ul>	<p style="text-align: center;">No</p> <p style="text-align: center;">No</p> <p style="text-align: center;">No</p> <p style="text-align: center;">No</p>

# Comparison of NT Service and PTP Service

## Scheduling and Curtailments

NT Service	PTP Service for Utilities	Comparable?
<ul style="list-style-type: none"> <li>BPA-Power does not tag for full requirements loads (Federal Base System to NT customer's distribution system).</li> </ul>	<ul style="list-style-type: none"> <li>PTP customers must tag all schedules and maintain staff to carry out this task.</li> </ul>	No
<ul style="list-style-type: none"> <li>During periods of congestion, non-tagged schedules cannot be curtailed.</li> </ul>	<ul style="list-style-type: none"> <li>During periods of congestion, tagged schedules may be curtailed – including schedules of Firm Requirements Power deliveries from Federal Base System to preference customer loads.</li> </ul>	No
<ul style="list-style-type: none"> <li>BPA-TS could perhaps call on NT customer generation to maintain load service, but it is not clear if BPA -TS has ever taken such action or if protocols are in place to do so.</li> </ul>	<ul style="list-style-type: none"> <li>When tagged schedules are cut, PTP customers must re-dispatch own resources, purchase from market or face energy imbalance charges. PTP customers incur additional costs when resources are re-dispatched and must maintain staff to take actions to mitigate congestion.</li> </ul>	No
<ul style="list-style-type: none"> <li>Load service hour to hour is provided as part of service for Full Requirements customers.</li> </ul>	<ul style="list-style-type: none"> <li>PTP customers are responsible for meeting their loads from hour to hour. Customers meet responsibility by forecasting their next hour's load, and self providing through use of own generating resources or market to correct for load forecast error and/or by paying BPA Energy Imbalance charges.</li> </ul>	No
<ul style="list-style-type: none"> <li>Because NT customers do not schedule transmission and are provided capacity as needed to meet monthly peak demands, they are not subject to Unauthorized Increase Charges. (There is an exception: UIC apply to utilities with Customer Served Loads, where CSL are not available at the time of BPA's peak.)</li> </ul>	<ul style="list-style-type: none"> <li>PTP customers manage firm transmission quantities. If customer schedules more than the contract amount over a given path or in total, it must pay an Unauthorized Increase Charge for exceeding contracted demand.</li> </ul>	No

# Comparison of NT Service and PTP Service

## Operating Reserves

NT Service	PTP Service for Utilities	Comparable?
<ul style="list-style-type: none"><li>•NT customer responsible for providing operating reserves. It is not clear how Full Requirements customers are assessed for operating reserves.</li></ul>	<ul style="list-style-type: none"><li>•PTP customer responsible for providing operating reserves. Can meet responsibility by:<ul style="list-style-type: none"><li>- Self providing from own generation</li><li>- Purchasing from third party</li><li>- Paying BPA to provide</li></ul></li></ul>	Unclear



# Comparison of NT Service and PTP Service

## Billing Determinants and Revenue Recovery

NT Service	PTP Service for Utilities	Comparable?
<ul style="list-style-type: none"> <li>•Billing determinant varies monthly and is based on NT customer demand at the time of BPA's total system peak. Load Shaping Charge adjusts for the different billing determinant applied to PTP service.</li> </ul>	<ul style="list-style-type: none"> <li>•Billing determinant based on total contract demand quantity. Same billing determinant applied each month whether transmission capacity is used or not.</li> </ul>	Unclear
<ul style="list-style-type: none"> <li>•BPAT-TS manages inventory of transmission capacity in excess of actual NT customer uses.</li> </ul>	<ul style="list-style-type: none"> <li>•PTP customers manage the remarketing of surplus transmission rights.</li> <li>•PTP customers can remarket unused transmission capacity, but price cannot exceed BPA – TS rates. A PTP customer's unsold surplus transmission can be resold by BPA-TS as short-term non-firm transmission. No compensation is provided to PTP customers for this use.</li> </ul>	No  Unclear

# Comparison of NT Service and PTP Service

## Other Considerations

NT Service	PTP Service for Utilities	Comparable?
<ul style="list-style-type: none"><li>• New FTEs identified in proposed Scenario specifically to support NT service needs.</li><li>• Under-recovery of Utility Delivery Segment rolled into BPA-TS rates.</li></ul>	<ul style="list-style-type: none"><li>• Not clear how many FTEs are devoted only to PTP service.</li><li>• Under-recovery of Utility Delivery Segment rolled into BPA-TS rates.</li></ul>	<p>Unclear</p> <p>Unclear - No PTP customers are contained within the Utility Delivery segment.</p>

# Conclusion

- It appears that customers with NT receive a greater number of services than PTP customers.
- A Cost of Service study is needed to measure the difference in value, assign costs and establish separate NT and PTP rates.

