

2012 BPA Rate Case Customer Workshop

**Targeted Adjustment Charge
Proposed Replacement
September 14, 2010**



Background

- BPA currently has a Targeted Adjustment Charge to handle unanticipated load. The TAC:
 - Applies to firm power requirements service to regional firm load that places unanticipated load on BPA within a rate period.
 - Applies to purchases made under the PF rate, excluding Slice and PF Exchange, and also applies to purchases made under the NR rate.
 - TAC is in place for the duration of the customer's contract or until the end of the rate period.
 - Does not apply to unanticipated load that is less than 1 aMW per year.



Future Application

- The new tiered rate design and Regional Dialogue contracts have changed how rates applicable to unanticipated load service need to be handled.
- Under the Load Following Regional Dialogue Contracts current customers will have their unanticipated load covered by the Load Shaping Rate.
- RD Contracts were created to provide certainty for customers and BPA around load service obligations.
 - Under the new contracts there is a more limited potential for unanticipated load previously covered by the TAC.
 - Future potential sources of unanticipated load:
 - PF** {
 - New public utilities
 - Load annexed from investor-owned utilities
 - NR** {
 - New Large Single Loads
 - Service requested by investor-owned utilities
 - RR** {
 - Delays in a customer's specified resource coming online for Above-RHWM service
 - Lengthy or permanent failure of a customer's specified resource



Unanticipated Load Rate

- Unanticipated Load Rate under PF:
 - Applies to load from a New Public and load annexed from an Investor-Owned Utility.
 - Energy rate will be the greater of the Load Shaping Rate or the current market cost plus any handling fees.
 - Demand Charge for new publics will be the lesser of 1) the highest hourly load amount in a month during the HLH minus the average HLH load amount for the month multiplied by the PF demand rate or 2) 20% of the highest hourly load amount in a month multiplied by the PF demand rate.
 - The basis of this calculation is that new publics will not yet have a Contract Demand Quantity, but will once they have a CHWM.
 - No change is needed for calculation of the Demand Charge when load is annexed from an IOU. The calculation of the Demand Charge will be applied consistent with the PF-12 rate schedule.



Unanticipated Load Rate (continued)

- Unanticipated Load Rate under NR:
 - Applies to New Large Single Loads and service requested by investor-owned utilities.
 - Energy rate will be the greater of the New Resources rate or the current market cost plus any handling fees.
 - No change is needed for calculation of the Demand Charge calculation. The calculation of the Demand Charge will be applied consistent with the NR-12 rate schedule.



Unanticipated Load Rate (continued)

- Unanticipated Load under RR:
 - Resource Replacement (RR) rate will be a new rate.
 - The RR rate will be equal to the Load Shaping Rate. (The rate multiplied by the billing determinant will be the Unanticipated Load Charge.)
 - If there is a delay in a customer's resource coming online or permanent/lengthy failure of a customer's resource (§ 5(b)(1)(A) and (B) resources) and customer requests supply from BPA, the RR rate will apply.
 - Energy rate will be the greater of the RR rate or the current market cost plus any handling fees.
 - The Demand Rate will be zero as it is expected that resources purchased for service will be flat within the HLH period of each month.



Unanticipated Load Charge for PF, NR and RR

$$\begin{aligned} & \text{Unanticipated Load Rate Adjustment} \\ & = [(\text{Incr } \$ * \text{UL Amt}) - (\text{Rate } \$ * \text{UL Amt})] / \text{UL Amt} \end{aligned}$$

where:

- Unanticipated Load Amt = The amount of unanticipated load placed on BPA, determined monthly for each diurnal period.
- Rate \$ = The Load Shaping Rate for PF Preference customers, the NR rate for New Large Single Loads or IOUs, or the RR rate for delayed or failed resources, as shown in the applicable rate schedules.
- Incr \$ = Monthly cost to BPA, including a forecast market cost for purchased power plus handling fees, which may include, where applicable, wheeling, ancillary, and other charges BPA may incur in purchasing power from other entities.
- If Incr \$ is less than Rate \$, the Unanticipated Load Rate Adjustment is equal to zero for that particular diurnal period of the month.

