

**Comments of Orion Renewable Energy on
Scheduling, System Control and Dispatch Rate Design Alternatives White Paper,
Updated August 31, 2018**

September 5, 2018

Introduction

Orion Renewable Energy (Orion) is developing the 750 MW Clearwater wind project located northeast of Colstrip in Rosebud and Custer Counties, Montana. Successful development of the Clearwater project will most likely require utilization of the BPA Eastern/Montana Intertie.

Orion offers these comments for consideration as BPA develops its initial position on the SCD rate for the BP-20 rate case.

Pancaked SCD Charges

Historically, BPA has assigned SCD charges to the Main Grid (or Network), Southern Intertie and Eastern/Montana Intertie segments. This results in “pancaked” SCD charges if a transaction uses multiple segments.

In pre-rate rate case workshops, BPA has acknowledged that separate schedules are not required to use multiple segments. Therefore, it seems obvious that pancaked scheduling fees should not be charged for the use of multiple segments.

The White Paper notes that the SCD rate include costs for Control (C) and Dispatch (D), in addition to Scheduling (S). However, the Montana/Eastern Intertie is located in the NorthWestern Energy (NWE) Balancing Authority (BA) and, as such, is not controlled and dispatched by BPA. BPA’s control and dispatch functions effectively end at Garrison, the eastern-most facility on the Main Grid. BPA does have a remedial action scheme (RAS) that operates beyond Garrison in eastern Montana. However, this RAS was put in place to support increased transfer capability on the Main Grid and is not used or needed to support the transfer capability of the Eastern/Montana Intertie.

So, there does not appear to be a cost basis for assigning S, C or D costs to the Eastern/Montana Intertie rates.

Cost Allocation / Cost Shifting

The White Paper identifies potential “large cost shifts” as a negative factor when considering various alternatives to the current pancaked SCD rate.

First, it must be stated at the outset that if SCD costs have been incorrectly allocated or assigned in the past, it will be necessary to “shift” some of these costs to correctly reflect cost causation. In these circumstances, cost shifting may be necessary and appropriate rather than being unwarranted or undesirable.

Second, historically, BPA has received *de minimus* SCD revenues (if any) for use of the Eastern/Montana Intertie. This is true because the primary users of the Eastern/Montana Intertie, the Colstrip owners, pay the TGT rate which does not include the SCD rate. So, any potential “large cost shifts” must be the result of eliminating the SCD rate for the Southern Intertie. Based on the discussion above (i.e., the Eastern/Montana Intertie does not contribute to S, C or D costs) it may be appropriate to treat the Eastern/Montana and Southern Interties differently with respect to the applicability of the SCD rate or its successor.

Third, the White Paper notes that if the SCD rate is only charged for use of the Main Grid, transmission service using only the Interties may avoid paying the SCD rate. This “free rider” effect could be eliminated by charging the SCD rate on the highest use of any of segments.

Billing Determinants

In the pre-rate case workshops, BPA has identified alternatives to the SCD rate that deal with two unrelated issues. The first issue is the elimination of pancaked SCD charges as discussed above. The second issue is changing the SCD billing determinants from a transmission capacity basis to some other usage metric such as energy, schedules or tags. This second issue has resulted in many questions and a fair amount of confusion.

While Orion is not opposed to changing the billing determinants for the SCD rate, we believe the current capacity-based SCD charge is reasonable, well understood and simple to administer. Therefore, to avoid controversy over the billing determinants from muddying the waters, Orion favors Alternative #1 (eliminate the pancaked SCD rate while maintaining the current billing determinants) or a modified Alternative #1 that eliminates the SCD rate for the Eastern/Montana Intertie only.

Orion appreciates this opportunity to offer these comments on the White Paper and the future of the SCD rate. If BPA staff has questions on these comments, please contact either:

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