

June 28, 2018

VIA EMAIL

RE: Powerex Comments: Scheduling, System Control, and Dispatch Service (SCD) Proposal

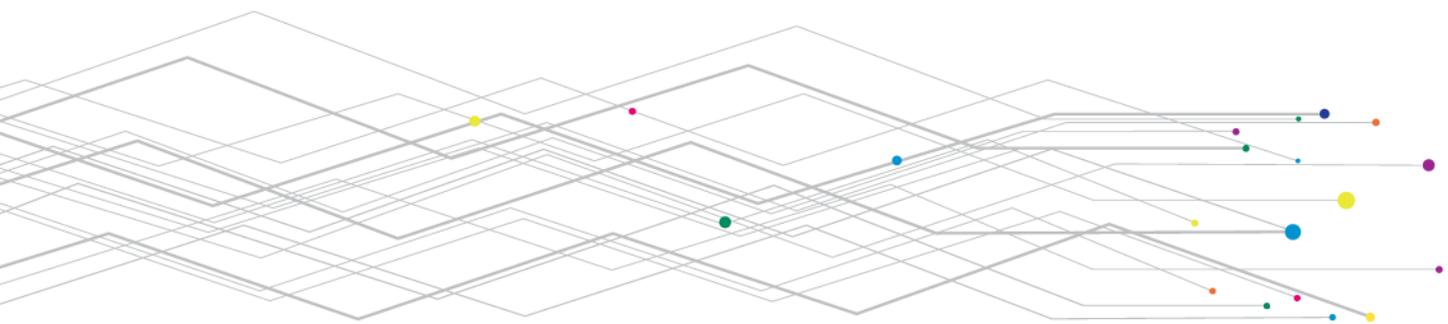
Powerex appreciates the opportunity to comment on BPA's recent Scheduling, System Control, and Dispatch Service (SCD) proposal originally presented in BPA's May 30, 2018 BP-20 Rate Case Workshop on Transmission Rates, and discussed again in the June 14th workshop.

Due to the limited information provided to date, Powerex has a number of comments and questions regarding BPA's proposal to charge SCD only once and base the billing determinant on schedules; i.e. to use a \$/MWh billing determinant.

Firstly, BPA has provided limited reasoning as to why the SCD charge needs to change. As proposed by a number of customers in the June 14th workshop, Powerex would appreciate if BPA would provide further information on what BPA believes is the problem to be resolved, and why they propose making changes to the SCD charge.

Secondly, Powerex also would appreciate if BPA could explain how their proposal aligns with industry standard and is consistent with BPA strategy. Powerex reviewed the OATTs of Transmission Providers in the Western Interconnection and found that the majority of providers recover SCD based on a reserved capacity charge. This practice would align with the fact that scheduling costs are largely fixed costs to the Transmission Provider, as the TP requires a scheduling desk and the computer infrastructure and systems to run the desk and that desk must be staffed no matter how often customers are scheduling transmission or energy on a TP's system. In other words, there is little-to-no variable cost component if customers schedule on their reserved capacity or not. Therefore, Powerex would appreciate BPA staff providing information that supports their belief that their proposal is consistent with industry standard, including examples from other comparable transmission tariffs.

Thirdly, since BPA must recover the fixed cost of providing SCD in the revenue requirement, any change to the rate-recovery of SCD will involve cost shifts between current customers. As other customers expressed in the workshops, it will be important for customers to understand the cost shifts resulting from BPA's proposal, or other customer proposals. Powerex would appreciate if BPA would undertake the analysis and present information on cost shifts to customers. Powerex would also appreciate if BPA could identify their assumptions on the estimated SCD rates and billing determinants used for analysis of any proposals. This will allow customers to thoroughly evaluate any proposals. Powerex appreciates BPA posting 2017 usage data based on MWs scheduled and the number of segments in each schedule, but this data provides limited benefit without also providing the estimated change to the SCD rate resulting from any proposals.



Powerex appreciates any further information BPA can provide with regards to its SCD proposal. Once BPA has provided a deeper understanding of the need and justification for the change, and the proposal details are further fleshed-out, Powerex requests that customers be provided further opportunity to comment on this issue during the pre-rate-case workshops.

Submitted by:

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Powerex