

Submitted to BPA via techforum@bpa.gov – September 5, 2018

Comments on BPA’s Scheduling, System Control and Dispatch White Paper

PPC appreciates BPA staff’s efforts to address customers’ questions on possible Scheduling, System Control, and Dispatch (SCD) rate design changes through development of a white paper. The inclusion of a matrix assessing each of the alternatives against the rate making principles adopted by BPA for the BP-20 case is particularly helpful in laying out how the various alternatives should be evaluated. PPC appreciates the opportunity to comment on this paper prior to BPA staff developing their position for their Initial Proposal.

In the matrix assessing how well each alternative meets BPA’s rate making principles, BPA staff’s analysis indicates that Alternative #1, assigning costs of SCD only to the Network, could be consistent with cost causation *if* “there is only benefit to the Network.”¹ However, BPA has provided no information that supports such an argument. Testimony submitted in the TR-02 case contradicts this position stating that “each transaction category requires activities and facilities to accomplish the Scheduling, System Control and Dispatch Service. The Interties contribute to a significant portion of the costs of Scheduling, System Control, and Dispatch.”²

BPA staff’s analysis on Alternative #1 also states that it would be consistent with cost causation “if one could show that those who are paying the SCD for the Network are all the same customers as those paying the SCD for the Interties.”¹ Even if this is the case, it is also not clear that the SCD rate should be eliminated on the Interties. Doing so without additional rate design changes could result in inequitable allocation of SCD charges. Customers using two segments of transmission on the Network would still be incurring two charges, while customers using a Network and Intertie segment would only incur one. An example of this would be comparing customers scheduling in and out of Mid-C to customers scheduling in and out of the head of the Southern Intertie. The customer who uses two Network segments, one going into Mid-C and one coming out, would be charged SCD twice. The customer using one Network segment and one Intertie segment, a Network segment to John Day and a Southern Intertie segment from John Day to COB, would only be charged once.

Based on the background provided in the white paper, this reexamination of the SCD rate appears largely driven by concerns of Montana wind interests that Montana Intertie use incurs a separate SCD charge than the use of the Network, resulting in “pancaked” rates. However, neither those customers nor BPA have provided evidence to suggest that this application is incorrect or inconsistent with any of BPA’s rate making principles. Instead, the testimony from TR-02 quoted above indicates that there are indeed significant SCD costs associated with Intertie

¹ Scheduling, System Control and Dispatch Alternatives White Paper, page 11.

² Stemler, et. al., TR-02-E-BPA-09, page 8.

use and that the costs resulting from SCD should be recovered from both users of the Southern and Montana Interties.

Based on the information provided by BPA and BPA Staff's analysis included in the white paper, the current rate design for Scheduling, System Control and Dispatch (SCD) meets all the rate making principles. PPC has not heard any information or analysis providing a compelling argument for changing the current rate design, especially when evaluating the alternatives identified by BPA against the agency's rate making principles.

PPC appreciates the opportunity to work with BPA staff and participate in the prehearing workshops leading up to BP-20, which provide the region an opportunity to understand and develop analysis and policies prior to the beginning of formal rate proceedings. We look forward to continuing to participate in similar discussions in the future.