

BP-20 Rate Case Workshop: Transmission Rates

August 8, 2018

Agenda

- Rates Model Overview
- Unauthorized Increase Charge (UIC) Follow-Up
- Proposed Rate Schedule Changes

Rates Model Overview

BP-20 Rates Model Overview

- No change in rate methodologies from BP-18.
- BPA is exploring different SCD rate designs. If there is a change to the SCD rate design, the rates model will be updated and shared with customers in September.
- Any revenue requirement or sales information changes will also be incorporated and shared at the September workshop.

Rates Model Overview-Assumptions

- **Table 1:** Segmented revenue requirement-from requirement study
- **Table 2:** Revenue Credits-from the sales study
- **Table 3:** Adjustment to the revenue requirement
- **Table 4:** and **5:** Long-term and Short Term sales by month-from sales study
- **Table 6-10:** Calculation of rates tables-from table 3 and table 4-5
- **Table 11:** Comparison of current rates vs proposed rates by product
- **Table 12:** Summary of revenues at current rates vs proposed rates

Unauthorized Increase Charge (UIC) Follow-up

UIC: Follow-up

- In response to BPA's UIC presentation at the [June 14, 2018 BP-20 Rate Case Workshop](#), The Energy Authority (TEA) submitted [comments](#) that included two UIC rate design proposals.
- TEA believes the status quo UIC rate *“as it is defined in BPA transmission rates is excessively punitive for entities operating in good faith with regard to compliance with the provisions of the BPA tariff.”*

UIC: TEA Proposals

- **Proposal:** Next longest duration tariff rate such as charging daily rate for one or more hourly unreserved use within a day, charging weekly rate for unreserved use on multiple days within a week, or charging monthly rate for unreserved use on multiple weeks within a month with any given calendar month being the longest duration for unreserved use penalty purposes. The ancillary service charges will be based on just the period of unreserved use.
- **In the alternative:** Up to 200% of next longest duration tariff rate such as charging daily rate for one or more hourly unreserved use within a day, charging weekly rate for unreserved use on multiple days within a week, or charging monthly rate for unreserved use on multiple weeks within a month with any given calendar month being the longest duration for unreserved use penalty purposes. The ancillary service charges will be based on just the period of unreserved use.

UIC: Rate Levels (\$/MWh)

UIC Frequency	Status Quo	TEA Proposal	TEA Alternate Proposal
one or more hours in a day	\$1,000	\$68	\$136
multiple days in a week	\$1,000	\$436	\$872
multiple weeks in a month	\$1,000	\$1,471	\$2,942

- The status quo rate design is more punitive than the TEA proposals for the first two tiers of UIC, but less punitive than the third tier.

UIC: Evaluation of Alternatives

- Bonneville believes all the rate designs would meet the rate principles outlined in the April workshop.
- Bonneville believes changing the rate design would create additional work for staff to monitor the frequency of over scheduling and to calculate monthly charges.

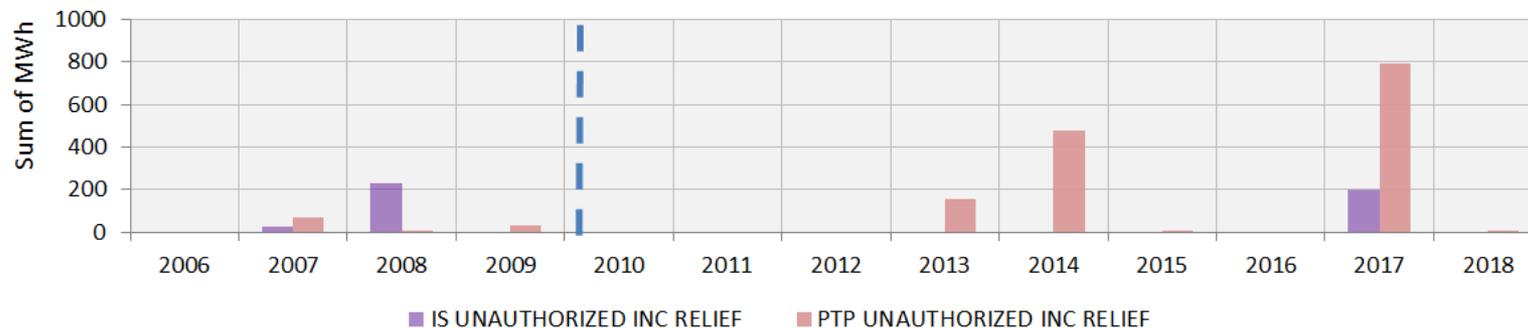
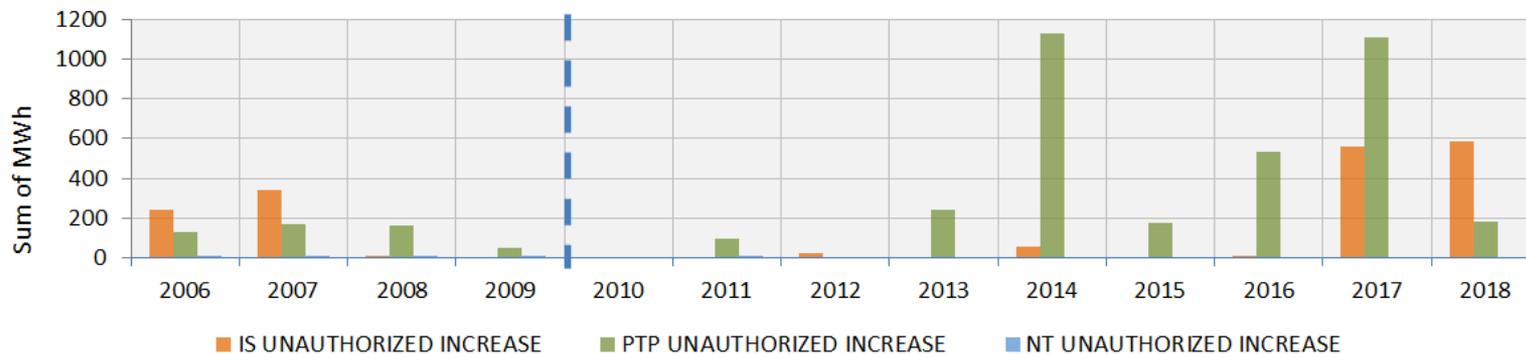
UIC: Staff Proposal

- BPA is not proposing to change the UIC rate design in the BP-20 Initial Proposal.
 - We believe the current UIC sets the proper incentive for customers to not schedule in excess of their transmission reservation.
 - Additionally, BPA believes that GRSP Section II.F.3.a provides sufficient flexibility for a waiver of the UIC if the customer is able to demonstrate good cause for relief.

UIC: Current Status

- BPA imposes an Unauthorized Increase Charge (UIC) whenever a Point-To-Point customer's schedule exceeds its capacity reservation at any Point of Receipt (POR) or Point of Delivery (POD). The UIC is assessed as defined in Section II.F.1.a of the BPA Transmission Services GRSPs, which states:
 - The UIC rate shall be the lesser of (i) 100 mills per kilowatthour plus the price cap established by FERC for spot market sales of energy in the WECC, or (ii) 1000 mills per kilowatthour. If FERC eliminates the price cap, the rate will be 500 mills per kilowatthour.
- Prior to the current rate, customers were charged based on the duration of their transmission reservation. This could result in the long-term firm rate being applied for one UIC while a daily rate was applied for another.
- The motivation to change the rate was to create a more consistent UIC and to ensure customers have no economic incentive to schedule in excess of their reserved capacity. The current rate was adopted in the 2010 Transmission Rate Case Settlement.
- Since the implementation of the current UIC rate design, BPA continues to see some customers scheduling in excess of their reserved capacity.
- The WECC price cap is still \$1000/MWh.
- The UIC still creates an important economic incentive for customers to not schedule beyond their reserved transmission capacity.

UIC Historical Volumes by Fiscal Year



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
IS UIC MWh	240	340	2	-	-	-	24	-	54	-	4	558	585
PTP UIC MWh	127	171	158	47	-	97	-	242	1,131	178	530	1,110	180
NT UIC MWh	1	2	0	6	-	3	-	-	-	-	-	-	-
IS Relief MWh	-	25	227	-	-	-	-	-	-	-	-	200	-
PTP Relief MWh	-	72	6	31	-	-	-	155	479	8	-	794	1
Net UIC MWh	368	417	(73)	22	-	100	24	87	706	170	534	674	764

- Fiscal Year 2018 is a partial year through April.

Proposed Rate Schedule Changes

Proposed Rate Schedule Changes

- An updated draft redline version of the proposed changes to the BP-20 Transmission Rate Schedules is posted on the [BP-20 Meetings and Workshops](#) page. The updated draft includes changes to the following :
 - Ancillary Services-Operating reserves returns
 - CSGI removal
 - Load Following description
 - Solar scheduling

Next Steps

- By August 22, please send comments on the proposed rate schedule changes to techforum@bpa.gov.
- The next workshop is August 22, 2018. Transmission discussion topics will include:
 - SCD discussion
 - Updates on rate schedules

Future Customer Meetings

Date	BP-20 Rate Case Workshops	Other Meetings
Aug 21 (T)		<ul style="list-style-type: none"><li data-bbox="1161 394 1721 429">• TC-20 Tariff Customer Workshop
Aug 22 (W)	<ul style="list-style-type: none"><li data-bbox="343 496 842 532">• Power and Transmission Rates<li data-bbox="343 539 546 575">• Gen Inputs	
Sept 12 (W)	<ul style="list-style-type: none"><li data-bbox="343 651 672 686">• Transmission Rates	