Agenda

- SCD Rate Design
- Proposed Rate Schedule Changes
- Next Steps
Scheduling, System Control and Dispatch Rate Design
SCD White Paper

- In response to customer feedback at the July 18 BP-20 Rate Case workshop, BPA staff has written an SCD Rate Design White Paper and conducted a customer impact analysis of additional SCD rate design alternatives.
- The objective of the White Paper is to provide background on SCD and list the pros and cons of each SCD rate design alternative staff evaluated.
- This evaluation should give customers a better understanding of the topic and an opportunity to provide comments that will help inform the Initial Proposal.
- The White Paper and customer impact analysis are both posted to the BP-20 Meetings and Workshops page.
Objective

• Our objective for reviewing the SCD rate design remains unchanged:
  – As part of Agency Strategy and the Transmission Business Model, BPA is in the process of reviewing its rates
  – We are exploring whether our products are priced at the appropriate level for the value of the service provided
How BPA Currently Calculates SCD

• The current SCD rate methodology was established in the TR-02 Settlement
• SCD is applied to both firm and non-firm transmission service and is charged for each segment of transmission used.
• PTP Billing Factor = Reserved Capacity
• NT Billing Factor = customer’s Network Load on the hour of the monthly Transmission System Peak Load (TTSL)
What Alternatives did Staff Evaluate?

- Status Quo
- Base the SCD billing determinant on schedules and metered load
- Do not allocate SCD costs to the Southern Intertie or Montana Intertie (current billing determinants)
- “Roll-in” the SCD rate
- Base the SCD billing determinant on E-Tags
Evaluation of Alternatives

Status Quo

• Pros
  – SCD is billed on the same billing determinants as transmission reservations which simplifies billing and customer understanding of bills
  – Rate design uses billing determinants that largely align with industry standard across WECC
  – Does not require development of new forecasting methodologies
  – Does not result in costs shifts

• Cons
  – Does not eliminate the “pancake” rate
Evaluation of Alternatives

Alternative 1: Do not allocate SCD costs to the Southern Intertie or Montana Intertie

• Pros
  – Simple to implement
  – Uses the same billing determinants as the status quo rate design
  – Eliminates the “pancaking" of SCD charges

• Cons
  – Creates large cost shifts. Customers that only have Network transmission will see a 1-3% rate increase in their overall transmission costs in addition to any upcoming rate pressure
  – It is possible to use Intertie transmission without using Network transmission, which may lead to free-rider issues
Evaluation of Alternatives

Alternative 2: Base the SCD billing determinant on schedules and metered load and only charge SCD once

• Pros
  – Eliminates the “pancaking" of SCD charges

• Cons
  – Creates large cost shifts across customers
  – Methodology is more complicated and less transparent
  – Customers have raised concerns whether moving to scheduled energy and metered load is better aligned to the costs of providing SCD
  – Would require the development of new forecasting models and methodologies
Evaluation of Alternatives

**Alternative 3: Base the SCD billing determinant on schedules and metered load, and continue to charge SCD on each segment**

- The rate impact of this alternative was conducted per customer request and can be found in the supplemental workbook; however, this alternative was not considered as one of the proposed alternatives to the SCD rate design.
Evaluation of Alternatives

Alternative 4: “Roll-in” the SCD rate

• Pros
  – Simple to implement
  – Uses the same billing determinants as the status quo rate design
  – Customers see something close to actual price on OASIS

• Cons
  – Does not eliminate the “pancaking” of SCD charges
  – Would allocate SCD costs based on “net plant” instead of sales and it is unclear if there is a strong cost based reasoning to do so
  – Utility Delivery is not currently charged SCD costs
Evaluation of Alternatives

*Alternative 5: Base the SCD billing determinant on e-tags and charge SCD only once*

- **Pros**
  - Eliminates “pancaking” of SCD charges
  - E-tags may more closely align with the scheduling costs of SCD

- **Cons**
  - Creates large cost shifts across customers
  - The majority of NT service is not tagged, so BPA would need to develop a different way to allocate costs between customers that have scheduled tags and customers that have unscheduled service.
  - E-tags may align closer to the usage of the scheduling portion costs of SCD, but not the control and dispatch aspect
  - BPA is still analyzing the costs associated with providing SCD and whether e-tags are the proper metric to measure use of the systems and costs associated with SCD
  - Methodology is more complicated and less transparent
  - Would require the development of new forecasting models and methodologies
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:
  – Removal of Hourly firm in the PTP, IS, IM and ACS rate schedules
Next Steps

• By September 5:
  – Please submit comments on the SCD White Paper
  – Please submit comments on the proposed rate schedule changes

• Please submit your comments to
  techforum@bpa.gov
Next Steps

- The next BP-20 Rate Case Workshop is September 12, 2018. Transmission Rates topics will include:
  - Staff’s SCD proposal
  - Proposed rate schedule changes
# Future Customer Meetings

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