

BP-20 Rate Case Workshop: Transmission Rates

August 22, 2018

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 a way to allocate costs between customers that have scheduled tags and customer 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

Date	BP-20 Rate Case Workshops	Other Meetings
Aug 21 (T)		<ul style="list-style-type: none">• TC-20 Tariff Customer Workshop
Sept 12 (W)	<ul style="list-style-type: none">• Transmission Rates	<ul style="list-style-type: none">• ACS Practices
Sept 26 (W)	<ul style="list-style-type: none">• BP-20 Rate Case (tentative/if needed)	