



Loss Factors

What is the *pro forma*?

- The *pro forma* OATT addresses Losses in Sections 15.7 and 28.5.
- BPA is vacating Schedule 9 so that it may be used by the *pro forma* Schedule 9 Generation Imbalance Service.
- Alternatives BPA considered for locating the loss factors.
 - Placing the loss factors in the tariff in either Sections 15.7 and 28.5.
 - Placing the loss factors in a new schedule.
 - Placing the loss factors in a business practice.

What did we hear?

Customer comments received from June TC-20 workshop comment period.

- Generally, the commenting parties do not support moving the loss factor into a separate business practice. An example comment:

“Fundamental change to terms and conditions of service, such as real power losses (including percentage loss factors), should only be undertaken in a tariff revision proceeding.”

- Customers desire a process that allows for their input on the methodologies used to establish loss factors. An example comment:

“a transmission tariff revision proceeding provides a forum in which BPA transmission customers can test BPA real power loss factor studies and provide rebuttal testimony with respect to those studies.”

- Customers would like more information on other loss policies such as the calculation methodology, methods for returning losses, or financial settlement pricing. An example comment:

“It is difficult to provide BPA with feedback on its proposal to capture the loss factor in a business practice due to a lack of information on other aspects of BPA’s loss policy.”

What are we proposing?

- We have heard and have reviewed the customer comments, however, we are continuing to propose to identify the transmission loss factors in the Real Power Loss Return business practice.
- Additionally, a summary of BPA's industry scan can be found here:
 - <https://www.bpa.gov/Finance/RateCases/BP-20/Pages/Meetings-and-Workshops.aspx>
- After completion of other loss policy reviews such as the calculation methodology, methods for returning losses, or financial settlement pricing there may be a need to further update the proposed tariff language.

Why we believe the Business Practice is the right approach?

- Loss factors are an operational occurrence on the transmission system.
- Use of BPA's transmission system will continue to evolve, possibly necessitating the need for more frequent loss factor updates.
 - Lowers the region-wide time, personnel, and costs a formal 212 process requires.
 - Still provides customers with the ability to request information supporting a business practice change as well as the ability to submit comments for or against to which BPA will provide a response.
- The loss factors are not a rate. Additionally, BPA's business practice offers multiple return methods which provides customers with choice in how they will return their obligation and make BPA whole.

Next Steps

Loss Factor Methodology

- Currently under review/study.
- This will be completed along the TC-22 timelines.

Loss Factor Return Methods

- These issues will be addressed in the TC-22 timeframe.

Pricing of Financial Returns

- The timing for this effort is dependent on decisions made with the Methodology, the Return Methods and resources available for the analysis.