

Price Cap and Financial Middleman

Price Cap and Financial Middleman Tariff Proposal Summary

<p>1. What is the <i>pro forma</i>?</p>	<ul style="list-style-type: none"> • FERC <i>pro forma</i> lifts the price cap and allows market based pricing for resales. • FERC requires the Transmission Customer’s contract supporting resales at market based pricing and the Transmission Provider’s involvement in the resale validation and settlement activity
<p>2. What did we hear?</p>	<ul style="list-style-type: none"> • There were a few comments on the Price Cap issue from the July 26 workshop. • Comment Overview: <ul style="list-style-type: none"> • Historical BPA documentation including the BPA financial middleman study and resale transaction data history • Some concern with market manipulation • Not opposed to migrating to resales on OASIS.
<p>3. What are we proposing?</p>	<ul style="list-style-type: none"> • Price Cap: For tariff Section 23.1 (a), BPA will replace its current tariff language to <i>pro forma</i> language. • Financial Middleman: For Section 23.1 (b) BPA will retain its current tariff language.
<p>4. Which TC-20 tariff principles does it align to?</p>	<ul style="list-style-type: none"> • BPA is aligned with its strategic direction including mission, cost objectives and customer needs. • BPA is aligned with the Section 23.1 of the <i>pro forma</i> tariff and the associated 18 § CFR 38.2
<p>5. Why are we proposing this position?</p>	<ul style="list-style-type: none"> • BPA conducted a 2-year pilot on price cap removal and no market manipulation was found • Consideration of current resource demands for both BPA and its customers, given on-going initiatives (e.g., other TC-20 proceedings).
<p>6. What are the change impacts?</p>	<ul style="list-style-type: none"> • Replacement of a portion of Section 23.1 tariff language that addresses the treatment of the pricing for resale transactions
<p>7. Is there a rate case impact?</p>	<p>There is no rate case impact.</p>

Feedback and Response from July Workshop

- Historical resale transaction data should be publicly available
 - BPA files Electronic Quarterly Reports to FERC that include information about transmission capacity reassignments (e.g., resales). These reports are available for public viewing on FERC’s website at <https://eqrreportviewer.ferc.gov/>.
- BPA should determine what the energy market impacts are by removal of the price cap before doing so
 - BPA recognizes that energy market impacts can be attributed to many factors and not exclusively to resale transaction pricing. BPA is unable to evaluate energy market impacts based exclusively to resale pricing data.
 - BPA recognizes that transmission customers establish resale bilateral agreements unique to each transaction situation
- BPA should provide historical materials associated with the BPA’s price cap considerations
 - BPA monitored its resales transactions during the FERC two-year pilot and did not find evidence of market manipulation

Proposed Tariff Language

Section 23.1 Procedures for Assignment or Transfer of Service

Price Cap: For tariff Section 23.1 (a), BPA will replace its current tariff language to pro forma language.

Financial Middleman: For Section 23.1 (b) BPA will retain its current tariff language.