Losses
Losses Update

• Last presentation Oct. 17, 2017

• Timeline extended – competition for resources/other projects

• Project broken down into 3 pieces
  – Tariff
  – Methodology
  – Financial Rate Review

• Methodology – looking at granularity/accuracy, reservation and scheduling practices

• Financial – dependency on methodology will determine if financial losses need to be included in the next rate case

• Today’s discussion is focused on the tariff change
Tariff Change for Losses

Introduction

• How BPA identifies loss obligations?
  – Tariff Sections 15.7 and 28.5
  – Schedule 9 (loss factors)
  – Real Power Loss Return Business Practice

• Losses will be vacated from Schedule 9 so that it may be used for Generation Imbalance Service (pro forma use)

• This has created an opportunity to determine where best to report loss factors.
Losses Industry Scan

• Researched Tariff Language, Loss Factors, and Return Methods

• Reviewed available information from 34 Transmission Providers

• Conducted an email survey of 42 WECC entities

• Findings
  – Most TPs are not pro forma
  – Many use their Business Practice
  – Most TPs update their loss factors annually
  – FERC has approved the use of Business Practices
# Loss Factors

<table>
<thead>
<tr>
<th>1. What is the <em>pro forma</em>?</th>
<th>Loss Factors are described in Section 15.7 and Section 28.5.</th>
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<tbody>
<tr>
<td>2. What did we hear?</td>
<td>Customers want the ability to comment on changes to the loss factors.</td>
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<td>3. What are we proposing?</td>
<td>BPA is proposing to move the Loss Factors from Schedule 9 to the Real Power Loss Return Business Practice (BP)</td>
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| 4. Which TC-20 tariff principles does it align to? | *BPA’s proposal aligns with the TC-20 principle*

  4. Align with industry best practice when the FERC *pro forma* tariff is lagging behind industry best practice, including instances of BPA setting the industry best practice. |
| 5. Why are we proposing this position? | • BPA’s industry scan revealed most TPs are not *pro forma* and many use a business practice to convey the loss factor.  
  • The process for changing a business practice is transparent, includes customer input, and is scalable when needed.  
  • The business practice is a single source of all details concerning transmission losses. |
| 6. What are the change impacts? | • Schedule 9 will be vacated for use as Generation Imbalance Service.  
  • The Real Power Loss Return BP will be updated to include what is currently in Schedule 9. |
| 7. Is there a rate case impact? | This change does not impact the rate case. |