

Short-Distance Discount – Customer-led Workshop_final_070824

Presentation by: Harney Electric Cooperative, Umatilla Electric Cooperative, and Clatskanie People's Utility District

Within Issue 115 of the March 2024 Provider of Choice Policy ROD and section 6.1 of the Provider of Choice Policy, BPA generally highlights that transmission policies and public processes including those associated with Network Service are outside the scope of the Provider of Choice (PoC) efforts but that there would be coordination to ensure alignment between the business lines.

Customers are requesting a mechanism to evaluate the Short-Distance Discount (SDD) General Rate Schedule Provision (GRSP) language, the applied discount, and a process for expediting the interconnection of SDD-eligible resources.

Given the timing of PoC contracts and Above-CHWM resource elections, we believe the BP/TC-26 process represents a reasonable forum for evaluation.

The underlying objectives of the proposed changes to the Short-Distance Discount for BP-26 are to:

- (1) Support the development of SDD-eligible resources which:
 - A. Reduce network transmission costs in the long-term.
 - B. Have little near-term financial impact on other transmission customers.
 - C. Encourage construction of much-needed regional resources.
 - D. Can often be built faster than resources that are:
 - i. contingent on major transmission expansion efforts
 - a. subject to significant permitting issues;
 - b. relatively costly;
 - c. hampered by transmission queue processes; and
 - ii. financed by load customers who do not have a vested interest in the SDD-eligible resource.
 - E. Enhances grid reliability by:
 - i. reducing exposure to transmission overloads/curtailments;
 - ii. locating resources near load (mitigating upstream congestion); and
 - iii. being more apt to follow load.
- (2) Recognize recent FERC decisions regarding the calculation of Network Load. (178 FERC ¶ 61,086, February 11, 2022).
 - a. While Order 888-A stated that Network Customer Load should include all load served by the output of any Network Resource, the Commission indicated that it would review behind-the-meter generation treatment on a case-by-case basis. (P 50)
 - b. It is just and reasonable; each Network Customer's net load is a reasonable approximation of each Network Customer's use of the transmission system, and unregistered behind-the-meter generation reduces the Network Customer's load that must be served from the transmission system. (P 51)
 - c. It is just and reasonable to base Network Service charges on a Network Customer's actual usage of the transmission system. (P 53)
 - d. Reducing the calculation of Network Load is supportive of general rate-making principles, i.e., of cost-based rates and rates that allocate costs to those that benefit from the service provided.
- (3) Establish a uniform basis for making the Short-Distance Discount (SDD) available to all NT customers regardless of service election.
- (4) Provide a streamlined process for SDD resource siting and integration.
- (5) Clarify and align definitions and treatment of Behind the Meter resources (which is used by BPA Transmission Business Line, i.e., in the Tariff, General Rate Schedule Provisions, and Business Practices, e.g., Generation Imbalance, and Energy Imbalance), and by BPA Power Business Line, e.g., Consumer-owned Resources as defined in BPA's current Power Sales Agreement and in the follow-on Provider of Choice Agreement, i.e., amendments under consideration including the newly defined term "Behind the Meter Resource".

D. Short-Distance Discount (SDD) – proposed redline modifications to GRSP language

A Customer’s monthly NT bill will be adjusted to reflect a Short Distance Discount (SDD) when a Customer has a resource that (1) is designated as a Network Resource (DNR) in the customer’s NT Service Agreement for at least 12 months or (2) is a Consumer-owned Resource designated in the Customer’s Power Sales Agreement, and (3) uses FCRTS facilities for less than 75 circuit miles for delivery to the Network Load. A DNR that is a system sale (the DNR is not associated with a specific generating resource) does not qualify for the SDD. Any DNR that is eligible for the SDD (DNR SD) must be noted as such in the NT Service Agreement.

Except as provided below, the NT monthly bill will be reduced by a credit equal to:

$$\text{Avg. Generation of the DNR SD during HLH} * \text{NT Rate} * \frac{75 - \text{Tx Distance}}{75} * 0.4$$

Where: Average Generation during HLH = The output serving Network Load during HLH on a firm basis over the billing month, divided by the number of HLH during the month, multiplied by the ratio of the Qualifying Capacity of the DNR SD output serving the Customer’s Point(s) of Delivery (POD) to the total DNR SD designated capacity.

The output serving Network Load is:

1. in the case of a scheduled DNR SD, the sum of firm schedules to Network Load.
2. in the case of Behind the Meter Resources, the metered output of the resource(s).

NT Rate = \$2.031 per kilowatt per month

Tx Distance = The contractually specified distance measured in circuit miles between the DNR SD Point of Receipt (POR) and the Customer’s nearest POD(s) within 75 circuit miles of the DNR SD.

1. BPA shall use the peak load for the prior calendar year for the POD nearest to the DNR SD to calculate how much of the DNR SD’s designated capacity is allocated to that POD. If the peak load for the prior calendar year of the closest POD is less than the DNR SD’s designated capacity, then BPA shall use the next nearest POD that is within 75 circuit miles of the DNR SD, continuing until the DNR SD’s designated capacity is fully allocated to the qualifying PODs, subject to Section 2 below. The Tx Distance will be the sum of the distance from the DNR SD to each of the PODs, weighted by the DNR SD designated capacity allocated to each POD.

2. The amount of designated capacity from all DNR SD allocated to any POD may not exceed the POD's peak load.

3. For a DNR SD directly connected to the customer's system (including Behind the Meter Resources) or a DNR SD that does not use BPA's network facilities, the Tx Distance will be zero.

Qualifying Capacity =

The sum of all DNR SD designated capacity allocated to the Customer's POD(s). For a DNR SD directly connected to the customer's system (including Behind the Meter Resources) or a DNR SD that does not use BPA's network facilities, the Qualifying Capacity will be the total DNR SD designated capacity.

Behind the Meter Resource =

A resource that is used solely* to serve the NT Customer's Network Load and is internal to the NT Customer's system, or a resource designated as a Consumer-owned Resource serving on-site Consumer load per the BPA Power Sales Agreement, Sections 3.6 .3 or 23.3.7.

Notwithstanding the formula above, the amount of the credit given for a particular DNR SD will be limited to the amount of the monthly charges for NT Service for that DNR SD.

* There may need to be exceptions to this, e.g., allow portions of a resource to be eligible for the SDD.