

~~Transmission Business Line (TBL) BPA Transmission Services~~ ~~Guidelines for Direct Assignment Facilities Facility Ownership and~~ ~~Cost Assignment Guidelines~~

DRAFT: September 8, 2014

The purpose of these Guidelines is to:

1. Aid in determining which facilities are built and paid for by BPA and which facilities are built and paid for by customers;
2. Provide consistency with BPA's statutory responsibilities;
3. Provide consistency with FERC guidance to the extent such guidance does not conflict with BPA's statutory responsibilities; and
4. Provide transparency in how BPA makes ownership and cost assignment determinations.

These guidelines apply to both determining the ownership boundary as well as assignment of costs associated with new facilities and replacements.

Currently, newly constructed facilities beyond the point of interconnection that would have historically been directly assigned (built and owned by BPA at the customer's expense) are now being built, paid for, and owned by the customer. BPA generally constructs and owns facilities at the point of interconnection to ensure operational continuity and reliability of its transmission system. Direct assignment of facilities, wherein BPA constructs and owns the facility but assigns the cost to the customer, generally does not occur as a matter of practice.¹

Effective: January 1, 1999

~~General Ownership/Cost Assignment Guidelines~~**Definition of Direct Assignment Facilities (applicable to: PTP, NT, NTP, IS, and IM service)**

~~Direct Assignment Facilities (as defined in Bonneville's Open Access Transmission Tariff) are: "facilities that have been or are constructed (or caused to be constructed) by Bonneville for the sole use and benefit of a particular Transmission Customer requesting service under this Tariff, the costs of which may be directly assigned to the Transmission Customer in accordance with applicable Commission policy. Direct Assignment Facilities~~

¹ Section 1.11 of BPA's Tariff defines Direct Assignment Facilities as "facilities that have been or are constructed (or caused to be constructed) by Bonneville for the sole use and benefit of a particular Transmission Customer requesting service under this Tariff, the costs of which may be directly assigned to the Transmission Customer in accordance with applicable Commission policy."

~~shall be specified in the Service Agreement that governs service to the Transmission Customer.~~

~~These Guidelines are to assist in interpretation of the above definition. In addition to the above, Direct Assignment Facilities are new facilities, or portions thereof, built in order to provide customer requested service pursuant to BPA's open access transmission tariff or the 1981 Power Sales Contract, that are either:~~

For new interconnections, BPA will require the customer to build (or directly assign to the customer the cost of) facilities to interconnect to BPA's existing system that are:

1. not integrated with the Integrated Network regional transmission system, or
2. not supporting the reliability or efficiency of the ~~Integrated~~ Network for the general benefit of users of such system

Examples where BPA will extend the Network and not assign the costs to the customer include:

1. Extending service to a new customer in a new service territory;
2. Facility upgrades required to meet reliability criteria; or
3. Establishment of a new interconnection point to which customers will interconnect.

Examples of Network upgrades which are normally not directly assigned include:

1. A terminal (primarily power circuit breakers, disconnect switches, and protective relaying) in a BPA substation interconnecting a customer funded line; and
2. Disconnects on either side of a new tap to serve a customer.

~~Looped service, unless demonstrated otherwise, is presumed to be "integrated" and to support the Integrated Network. Examples of facilities that have no potential for supporting the Integrated Network are:~~

1. ~~short radials off a loop;~~
2. ~~lines having a capacity closely matched with the load requesting service; and~~
3. ~~lines designed for operation at voltages below 34.5 kV.~~

Other Definitions:

~~"New facilities", as the term is used in this document, means facilities with respect to which the agreement to construct was finalized on or after the effective date of these Guidelines.~~

~~"Reliability of the Integrated Network" means meeting the standards of reliability as determined in BPA's Reliability Criteria.~~

~~“Integrated Network” means the segment of the Federal Columbia River Transmission System for which the transmission facilities provide the bulk of transmission of electric power within the Pacific Northwest. The Integrated Network Segment is further described in the 2002 Final Rate Proposal Segmentation Study, TR 02 FS BPA 02, pages 3-4.~~

~~Voltages below 34.5 kV:~~

~~Any new facilities at voltages below 34.5 kV that meet the definition of Direct Assignment Facilities will not be subject to the Delivery Charge defined in the General Rate Schedule Provisions. The cost of new facilities meeting the definition will be directly assigned to the customer.~~

Equivalent capacity replacement of rolled-in facilities:

~~Notwithstanding the above Costs for, replacement of an existing BPA-owned facility with a new facility of equal capability would will not be directly assigned unless the facility being replaced is directly assigned or subject to a facility-specific pricing mechanism to the customer.~~

Replacement with higher capacity facility Higher capacity replacement of rolled-in facilities:

~~The costs for a replacement new facility which meets the above definition of Direct Assignment Facility and which not only replaces an existing rolled-in BPA-owned facility but also adds transmission capacity, may have the costs of that exceed the cost of replacing the previous the incremental capacity may be directly assigned to the benefiting customer. If the higher capacity is for BPA’s convenience, the incremental cost will not be directly assigned.~~

Construction of a new Direct Assignment facility that exceeds the capacity needed to serve the customer:

~~If BPA installs a facility, such as a transformer, that is larger and more expensive than the standard size needed over a prudent planning horizon, and the larger size is installed for BPA’s convenience, the Direct Assignment cost to the customer shall not exceed the equivalent cost of the appropriate standard smaller size facility. BPA, at its option, may at a later time replace such facility with a smaller size, consistent with current service obligations, at no additional cost to the customer.~~

Paralleling an existing Delivery Transformer:

~~When a new transformer that would be directly assigned is installed in parallel with an existing transformer that is subject to a Delivery Charge, the load will be prorated between the two transformers in accordance with the way power flows through the transformers, or in accordance with another methodology as specified in the interconnection agreement. Only the amount of load deemed to be served through the old transformer will be subject to the Delivery Charge, whereas the costs of the new transformer will be directly assigned to the customer.~~

Construction Option:

~~A customer may elect to construct and own facilities in lieu of BPA construction and ownership, consistent with BPA design and interconnection standards that include, but are not restricted to, prudent utility safety requirements. Generally BPA will perform any work within BPA stations at the customer's expense. Facilities owned by the customer are not subject to BPA transmission charges. An operation and maintenance contract may be negotiated for a separate charge.~~

Appeal Mechanism:

~~A c~~Customers may appeal a BPA decision about Direct Assignment costs assigned to that customer as provided in the Tariff or contract under which service is provided, or as otherwise provided by law.

~~If a facility is determined to be~~BPA constructs a Direct Assignment Facility:

~~BPA will require the customer to advance fund the cost of the facility.~~

BPA Direct Assignment determinations made under these Guidelines:

~~— BPA prefers use of the Advanced Funding rate (AF) if BPA is asked to build.~~

~~• — If the UFT rate is used, BPA will require a compatible contract commitment for transmission service and/or an exit charge to protect BPA from unrecovered investment.~~

BPA will make Direct Assignment determinations publically available.