

# BP-16 Transmission Rate Case Workshop

June 25, 2014



# Agenda

- Overview and Timeline
- Close out of the NT UUP
- Proposed Rate Schedule Changes for PFP
- WECC/PEAK Costs
- Cost Allocation Proposal-Customer Presentation
- Next Steps

# BP-16 Rate Case Proposed Schedule

- November 5 – Federal Register notice published
- November 12 – Prehearing Conference/BPA Direct Case

- 
- Nov 19 - 21 – Clarification of BPA's Direct Case
  - Jan 29 – Parties File Direct Cases
  - Mar 12 – Litigants File Rebuttal Cases
  - Apr 6 – Cross-exam
  - May 6 – Initial Briefs
  - May 15 – Oral Argument
  - Jun 17 – Draft ROD
  - Jul 8 – Briefs on Exceptions
  - Jul 28 – Final ROD

# BP-16 Workshop Schedule

<b>Date</b>	<b>Topic</b>
<b>June 25</b>	Transmission Rates
<b>July 23</b>	Transmission Rates
<b>July 24</b>	Power Rates
<b>August 13</b>	Transmission Rates
<b>August 14</b>	Power Rates

Please note: RHWM Process customer meeting planned for early August.

# Unreserved Use Penalty (UUP) for NT Service

- After research, staff is proposing not to have a NT UUP for the BP-16 Initial Proposal.

# Power Factor Penalty (PFP)

- BPA staff will propose to eliminate the PFP for the BP-16 Initial Proposal.
  - Currently, penalties assessed are on the order of \$3M/yr.
  - Currently, penalties assessed are revenue credited 100% to the Network Segment.
  - The proposed rate schedule changes are red-lined in the rates schedule handout.

# WECC/PEAK Reliability Bifurcation

- In 2014, WECC bifurcated into WECC (regional entity) and PEAK Reliability (reliability coordinator)
- PEAK Reliability is currently funded via Section 215 of the Federal Power Act. BAs and Transmission Operators (TOPs) in WECC are working on a contract to fund PEAK.

# Recovery of PEAK's Costs

- PEAK will allocate costs based on net energy for load (load in the BA).
- BPA's estimated BA share is approximately \$2.5 million for FY 2015. This was shared in the IPR on June 19 as costs unfunded.
- BPA is exploring an options on how to recover these proposed costs for the FY 16/17. There are two options:
  1. Develop rates so that each load serving entity within BPA's BA would pay a proportionate share based on each entity's net energy for load within their monthly transmission bill. This option is feasible no matter what funding mechanism for PEAK is used (Section 215 or a contract).
  2. Do not assume any costs in the revenue requirement and do not recover those costs until there is more understanding and experience with these costs.

# Recovery of PEAK's Costs

- Forecasted break down of Peak charges
  - \$2 Million – directly attributed to LSE load within the BPA BA
  - \$500K – BPA station service load etc.
- BPA is seeking your input on how to approach these costs for the upcoming BP-16 Initial proposal. Please send your comments to the [techforum@bpa.gov](mailto:techforum@bpa.gov) by July 9, 2014.

# PEAK's Costs

- Transmission Operators in BPA's BA may also be billed separately by PEAK.
- If this occurs, BPA would work with PEAK and the Transmission Operators in BPA's BA to ensure that a Transmission Operator is not billed twice (once by BPA and once by PEAK) for the same service.
- Currently, it is difficult to define the method we would use to prevent double billing because the funding mechanism for PEAK is under development.

# WECC Costs Background

- Each BA within WECC elects to either have:
  1. WECC bill the BA directly based on its net energy for load, or
  2. WECC bill each load serving entity within its BA. Each load serving entity is billed based on its net energy for load
- Since 2009, BPA has elected to have WECC bill each load serving entity within its BA, regardless of size and registration status.

## BPA's Current WECC Allocation Billing Issues

- BPA is revisiting its 2009 decision because it is administratively burdensome for both BPA and WECC. Some problems with the current process are:
  - Duplicate or missing bills
  - Resource intensive for both BPA and WECC
    - Some customer bills are as low as \$65.00
  - Load used for a customer's WECC bill can be inconsistent with the load on their BPA bills
  - Each year, BPA must assist in sorting out the inconsistencies

# Proposal to Have WECC Bill BPA Directly

- Have WECC bill BPA
  - BPA would then allocate costs to load serving entitles in the BA.
- Pros:
  - Higher level of accuracy
  - Reduction/reallocation of resources
    - WECC and BPA
  - Customers would not be billed directly by WECC

# WECC Costs

- At a BA level, BPA's WECC costs are approximately \$880,000.
- This includes an unscheduled flow charge of approximately \$400,000. The WECC costs are currently in the engineering which is then included in all transmission rates. BPA staff will propose to continue that treatment of costs for the BP-16 Initial proposal.
- A portion of the \$880,000 is for station service and other loads that are not directly attributable to a load service entity. BPA staff is looking at options on how to allocate these costs and are open to customers input on the allocation. Please send your comments to [techforum@bpa.gov](mailto:techforum@bpa.gov) by July 9, 2014.

# Cost Allocation - Tacoma

- Please see Tacoma presentation
- Please send comments by July 9, 2014 to [techforum@bpa.gov](mailto:techforum@bpa.gov).

# Next Steps

- July 23 – Transmission Rate Workshop
  - Follow up on WECC and PEAK costs
  - Follow up on Customer Cost Allocation
  - Sales
  - LGIA