BP-18 Transmission Rate Case Workshop

June 29, 2016

Agenda

- Follow up on Parking Lot questions
- Follow up on questions from Tacoma
- Staff IS HNF proposal for BP-18 Initial Proposal
- Point-to-Point Short Distance Discount
- Proposed clarifying changes to the Transmission rates schedule

Follow up on Parking Lot Questions

Franklin PUD Comments on Parking Lot Issues

- BPA has reviewed the comments submitted by Franklin PUD related to the Short Distance Discount (SDD) and assessment and relief of the Unauthorized Increase Charge (UIC) as defined in the General Rate Schedule Provisions (GRSP) Section II.F.
- The complete comments from Franklin PUD can be on the BP-18 Customer Comments website.

Unauthorized Increase Charge Comments

- **Franklin's statement:** still believes that the UIC penalties do not represent a proper charge or cost to the system.
- **BPA's response:** Bonneville addressed this at the May workshop and believes that this rate is needed to incent proper scheduling.
- **Franklin's statement:** The waiver language is inflexible and stringent and does not allow for a fair reduction or waiver of UIC assessments for inadvertent/unintentional UAI's.
- **BPA's response:** Bonneville believes that the GSRP Section II.F.3.a provides sufficient flexibility for a waiver of the UIC if the customer is able to demonstrate good cause for relief.

Short Distance Discount Comments

- When a BPA transmission customer with PTP SDD path reassigns capacity on this path to a third party, will SDD go away or will it stay, and why or why not? What if a seller fully or partially transfers its rights on SDD path?
  - **BPA's response:** The SDD credits will stay with the seller for both full or partial transfers. However, if the buyer redirects any of the capacity fully or partially to a different path, then the seller will lose all its SDD credits for the month.

- When a BPA transmission customer with PTP SDD path redirects this capacity on the same path to a shorter duration (yearly to monthly, daily, or hourly), will SDD go away or will it stay, and why or why not?
  - **BPA's response:** The SDD for yearly (or LTF) will stay, because only the SDD path is being used.

Short Distance Discount Comments

- When a BPA transmission customer with PTP SDD path accidentally redirects this capacity to a different path, but fixes the mistake by redirecting it back to the SDD path, would BPA consider allowing the full SDD credit instead of taking it away?
  - **BPA's response:** A customer will lose the SDD credits even if the customer redirects back to the PTP SDD path. BPA does not make a judgement as to the reason for redirecting.
- When a BPA transmission customer with PTP SDD path redirects this capacity to a different path for even one hour, the customer loses the SDD. Would BPA consider giving the customer a partial discount for the hours it did not redirect transmission from SDD path?
  - **BPA's response:** The current rate schedule and Redirects Business Practice does not give a partial discount for the hours not redirected from the SDD path. More discussion on this can be found later in this presentation.

Follow up on Questions from Tacoma

Tacoma Follow up Questions (PODs):

- We assume transmission planning uses the highest annual value within the planning horizon at each “POD non-coincidental peak” in its design and sizing criteria for each POD. Please confirm that assumption.
- If not, what do you use in determining the capacity sizing at each POD?
- Are other than 1-in-2 forecasted peaks used to determine the maximum loading for design/build criteria at PODs?
- If not, how do planners address reliability at those PODs for the expected maximum loading (e.g., more extreme weather peaks than 1-in-2)?

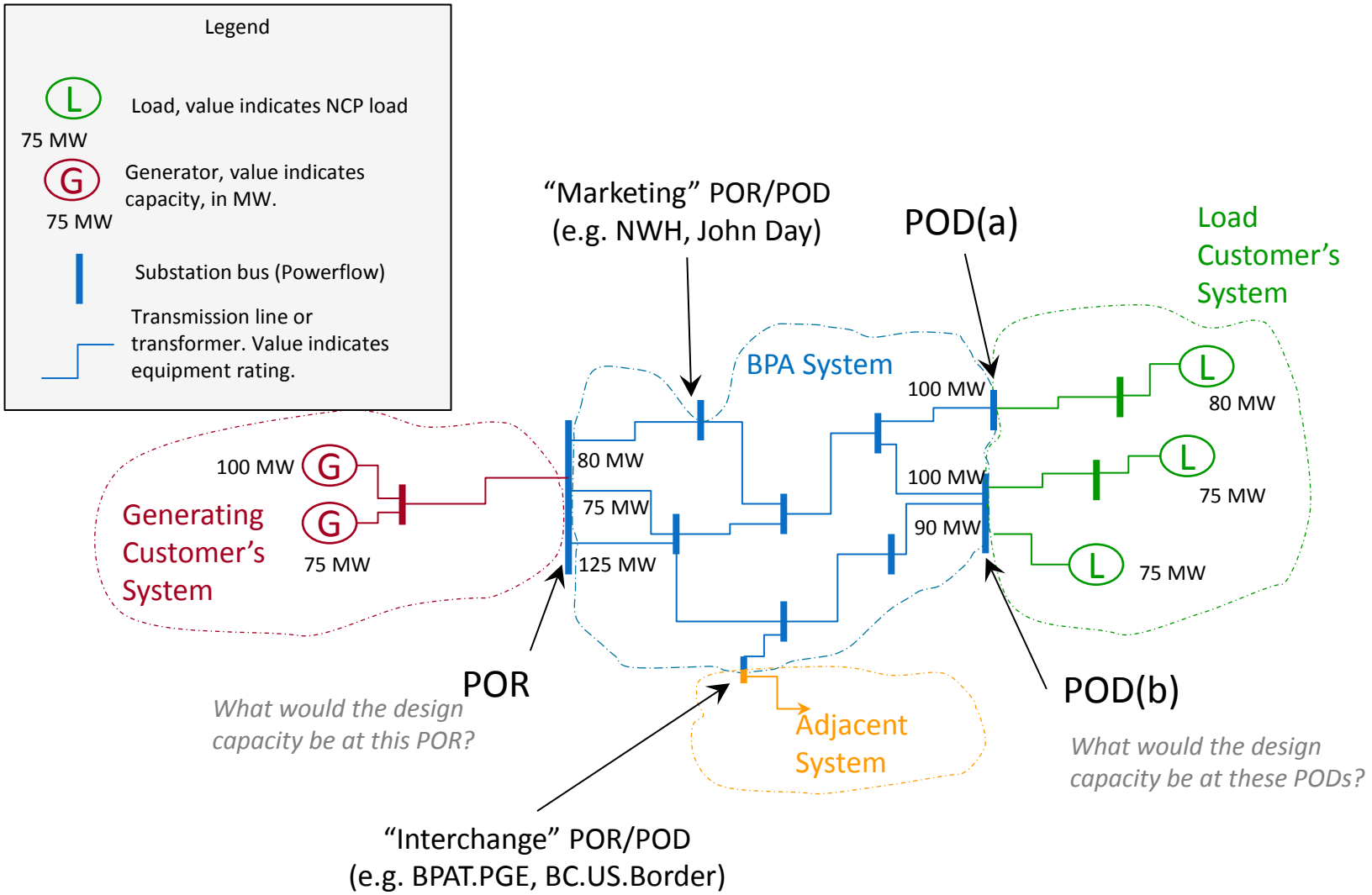
Tacoma Follow up Questions (PORs):

- Are there similar Point of Receipt (POR) values in transmission planning studies?
- If so how many POR values are there (BPA indicated at the May 6th workshop that there were ~900 PODs)?
- What are POR values based upon in planning studies? Do the POR values change across scenarios? Please explain.
- What determines the final capacity size at each POR in system design studies?

Tacoma Follow up Questions (POR/POD):

- What studies determine the design capacity at each individual POD and POR, are these studies other than the reliability and NOS studies? Please briefly explain these studies.
- Can final design capacity values at each POR and/or POD be determined and made available? Can both or either of POR/POD capacity values be indicated as related to PTP or NT service?
- What studies determine the design criteria for transfer paths and flowgates?

Simplified System Diagram



Planning Understanding of POR/PODs

- BPA's contractual obligations to provide transmission service are defined at Points of Receipt (PORs) and Points of Delivery (PODs).
- Planning performs system studies using powerflow models that model generation (G) and load (L) at individual bus locations.
- A significant part of performing system studies is ensuring that the generation and load modeled in the cases reflect the contractual rights identified by POR and POD.

POD Capacity Values in Transmission Planning and System Design Studies

- Line and Load Interconnection studies establish the minimum requirements for new PODs.
- Design and equipment sizing criteria ensure that facilities are sufficient to support projected load.
- Transmission Planning does model load in system studies using the highest seasonal 1-in-2 peak load forecast. Planning also compares the historical loading of each load service area with the loading represented in the planning cases to ensure they reasonably represent projected load growth applied to the historical peak load levels.

POR Capacity Values in Transmission Planning and System Design Studies

- Planning performs Generation Interconnection studies to determine requirements for new interconnections. Unless generation sourcing at a given POR increases, the facilities supporting that POR rarely need reinforcing.
- Requests to increase existing generation or add new generation generally have a corresponding LGIA or SGIA in which additional interconnection requirements would be determined.
- The contractual obligations established during the interconnection process determine the minimum capacity requirement at each POR.

System Design and Reliability Studies

- Reliability studies determine whether any upgrades on the system are required to support the expected uses on the system.
- Planning identifies improvements on the transmission system independent of whether generation or load is served by PTP or NT transmission service.
- Before BPA finalizes a solution to identified constraints, BPA considers its contractual obligations to both PTP and NT customers to ensure that any network upgrades or reinforcements are consistent with these obligations.

System Design and Reliability Studies

Reference: Final 2015 BPA Plan
https://www.bpa.gov/transmission/CustomerInvolvement/AttachmentK/Documents/2015-final-bpa-plan.pdf

- Provides a description of the assumptions used for BPA's annual system assessment.
- Discussion of drivers for project work on the BPA system.
- Includes description of all 24 Load Areas and seven Transfer paths
- Includes peak loads at a high level used for consideration in developing the BPA Plan
- Includes a high level list of the generation that impacts each area.
- Listing of elements that make up the paths considered within each Transfer Path.
- Listing of completed and planned projects in the Load Service and Transfer Path areas.
- Also lists Generation Interconnections and Line & Load Interconnections.

BP-18 Initial Proposal: IS HNF Rate

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- **Days and hours used in the ratio to calculate the IS HNF rate**
  - Staff will propose to calculate the IS HNF rate using 25 hours a week (5 hours a day, 5 days a week) as the denominator.
- **Daily Block 1 rate on the Southern Intertie**
  - Staff will propose to continue to use the divisor of 5 days for the Daily Block 1 rate on the Southern Intertie
- **Hourly Firm rate on the Southern Intertie**
  - Staff will propose to calculate the HF rate so that it is consistent with HNF rate on the Southern Intertie
- **SCD rate on the Southern Intertie**
  - Staff will propose that the SCD rate on the Southern Intertie continue to be the same as on the network.
- **Directional rate**
  - Staff will propose to set the IS HNF and HF rate the same in both the N>S and S>N directions and discount the rate in the S>N direction, except when a customer redirects HF to N>S.
  - If it is not feasible to implement the proposed S>N discount, staff will propose to set the IS HNF rate the same in both the N>S and S>N directions (status quo).
- **Seasonal or on-peak/off-peak attributes**
  - Staff will not propose any seasonal attributes for the IS HNF rate
  - Staff will not propose any on-peak or off-peak attributes for the IS HNF rate

Consideration of Customer Input

- Powerex recommended setting the Daily Block 1 rate so that a customer using 24 hours of HNF Intertie service pays the same as a customer buying Daily Block 1 (IS HNFrate*24)
- Avangrid Renewables recommended setting the Daily Block 1 rate so that a customer using 16 hours of HNF Intertie service pays the same as a customer buying Daily Block 1 (HNFrate*16)
- BPA staff considered both recommendations and decided not to include them in staff's BP-18 Initial Proposal for the following reasons:
  - Use of a 5 day divisor to calculate the Daily Block 1 rate is consistent with using 5 peak days from the hourly rate divisor.
  - There appears to be no justification why the methodologies proposed by Powerex and Avangrid, if adopted on the Southern Intertie, should not apply to the Network Segment.
  - Historical data shows very little daily transmission on the Southern Intertie is reserved. This is likely because it is not available.
  - If increasing the hourly rate shifts the "seam" to the daily product, there are non-rate alternatives that address the issue more effectively than increasing the rate.

Point-to-Point (PTP) Short Distance Discount (SDD)

PTP Short Distant Discount: Background

- BPA offers a SDD to long-term Firm Point-to-Point (PTP) reservations when BPA facilities are utilized for less than 75 circuit miles between the point of receipt (POR) and point of delivery (POD).
- BPA's rate schedule for PTP service describes the SDD and notes that if a reservation subject to the discount is redirected to a secondary POR/POD, BPA will not apply the SDD for that month.
- In its Redirects Business Practice, BPA clarifies that if the customer redirects any portion of the reservation for any period of time during a month to a different POR/POD, BPA will not apply the SDD for the entire month.

PTP Short Distant Discount: Current Rate Design

- The rationale for the SDD is to incentivize:
  - The location of generation closer to load, and;
  - The use of BPA's current transmission system for delivery of generation over short distances rather than customers building redundant transmission facilities to BPA's facilities.
- If the customer changes (or redirects) the POR/POD combination, the SDD ceases to apply because BPA's transmission facilities are being utilized differently.
- All requests (original or redirects) on a short-term basis (monthly, weekly, daily or hourly) do not qualify for the SDD.

PTP Short Distant Discount: Request to Change Rate Design

- Franklin PUD has suggested “BPA consider a practice of decreasing the monthly SDD credit in proportion to redirects for a certain threshold before a customer loses the full value of the credit or a manner of decreasing the credit if certain targets are met.”

PTP Short Distant Discount: Rate Design Alternatives

- *Alternative #1* - Status Quo - no change in Rate Design.
- *Alternative #2* - Change the SDD rate schedule language on the treatment of redirects.
- *Alternative #3* - Eliminate the SDD; there is no mandate in Bonneville's statues or tariff to provide a distance-based discount.

PTP Short Distance Discount: Staff Leaning

- At this time BPA staff is leaning toward Alternative #1 (Status Quo)
  - The SDD has the policy intent of incentivizing:
    - The location of generation closer to load, and;
    - The use of BPA's current transmission system for delivery of generation over short distances rather than customers building redundant transmission facilities to BPA's facilities.
  - If the customer changes (or redirects) the POR/POD combination, the SDD would cease to apply because BPA's transmission facilities would be utilized differently.

PTP Short Distant Discount: Next Steps

- Comments?
- If there are any additional proposals or feedback on the treatment of redirects for the SDD please send comments to techforum@bpa.gov with the subject "BP-18 Transmission SDD Comments" by July 14, 2016.

Proposed Transmission Rates Schedule Changes

Proposed Redline Changes

- A draft redline version of the proposed BP-18 Transmission Rates Schedule changes is posted on the BP-18 Meetings and Workshops page.
- BPA has made proposed changes to the following sections:
  - PTP Short Distance Discount
  - GSR Service

Next Steps

- Next BP-18 Transmission Workshop is **Wednesday, July 13**
- Send any additional proposals or feedback on the treatment of redirects for the SDD to techforum@bpa.gov with the subject "BP-18 Transmission SDD Comments" **by July 14.**
- Send comments or feedback on the redline version of the proposed rates schedule changes to techforum@bpa.gov with the subject "BP-18 Transmission proposed rates schedule comments" **by July 14**.

Appendix

Future Customer Meetings

Date	BP-18 Rate Case	Other Workshops
June 30 (Th)		• P & T Requirements for Adding a Resource (Educational) • RHWM Process (if needed)
Jul 13 (W)	• Transmission Rates o DTC (how DTC works): Inform	
Jul 22 (F)	• Generation Inputs	
Jul 27 (W)	• Revenue Requirement • Transmission Rates o LGIA o Load Forecasting o Sales o Repayment model o SDD	

For the most up-to-date calendar of events, please visit the BPA Event Calendar.

Future Customer Meetings

Date	BP-18 Rate Case	Other Workshops
Aug 9 (T)	• Power Rates o Overviews: Market Prices/Loads & Resources o TCMS for NT Secondary o Other	• RHWM Process
Aug 10 (W)	• Transmission Rates o Rates Models o Wrap-up • Risk	
Aug 24 (W)	• Transmission Rates (Tentative) • Power Rates (Tentative)	
Aug 25 (Th)	• Generation Inputs (Tentative)	
Sept 7 (W)	• Transmission Rates (Tentative)	

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