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To: [Tech Forum](#)
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Via Email (techforum@bpa.gov)

U.S. Department of Energy
Bonneville Power Administration
Transmission Services

Re: Comments of Shell Energy North America on SCD Rate Design

Shell Energy appreciates the opportunity to submit comments on Bonneville Power Administration's staff's July 18, 2018 workshop presentation on Scheduling, System Control and Dispatch (SCD) Rate Design. During this presentation BPA staff stated that it had been over 16 years since it had reviewed the SCD rate design. Since that time there has been changes to the market and technology and BPA wanted to ensure the SCD is priced on the value it brings based on the function the services provide and are in line with its goal to implement policies, pricing and procedures for regional planning that incentivize grid optimization and efficient resource development.

In its presentation materials, staff outlined four alternatives, the status quo, where the SCD is segmented and then allocated to the Network and interties based on reserved point to point capacity and network load and three new options. After discussing all four of the alternatives, staff disclosed it was leaning towards recommending charging the SCD based on transmission schedules or total energy on a cost per MWh basis (Option 2). Staff indicated that this option met three of BPA's six Rate Principles:

- Fully recover costs
- Cost causation
- Statutory requirement of equitable allocation

However, staff indicated that this possibly leaves three principles unmet:

- Lowest possible rates with sound business principles
- Simplicity, understandability, public acceptance and feasibility of application
- Avoid rate shock and maintain rate stability from rate period to rate period

Comments:

Avoid Rate Shock - As part of its presentation, staff supplied an analysis of customer level impacts for each alternative. This analysis showed significant shifting of costs from some BPA transmission customers to other BPA transmission customers. As such Shell is very concerned that the "avoiding rate shock principle" has not been met.

Cost Causation – True cost causation principles would assign cost to the number of schedules which BPA processes. Scheduling functions are not proportionate to MWh scheduled, and

will result in cost shifts to large load customers or larger transmission lines, counter to reflecting and encouraging economies of scale. BPA could accurately reflect cost causation by associating the number of schedules with SCD costs. BPA could pursue this alternative if it felt that the cost would be fairer than the current load and export ratio allocation.

Shell Energy agrees changes have occurred in energy markets over the last 16 years and believes some changes, given market limitations, have resulted in better grid utilization and resource development. Shell suggests that even if an owner of a particular segment of transmission is not the entity scheduling energy from its generation or energy to its load, that does not mean the transmission owner is not receiving a benefit from those transmission schedules. As such charging the SCD based on transmission MWh scheduled may also not meet BPA's cost causation principle.

Status Quo – Shell Energy encourages BPA to maintain the status quo for SCD cost recovery. This is an allocation which is commonly accepted and is similar to other utility allocation basis, likely meeting the “sound business practice” criteria proposed by BPA. We believe that a cost shift of the magnitude proposed would be extremely disruptive to the market, and could result in other unintended consequences, and therefore encourage BPA to maintain status quo.

Thank for allowing this opportunity to comment.

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