

# Generation Interconnection: Transmission Credit Repayment

December 5, 2012



## Purpose of Discussion

- Announce BPA's decision to not make any changes to the Large Generator Interconnection Agreement Transmission Credit policy

## Justification for the Decision

- Currently, there is only one speculative network upgrade that may require a “balloon payment.”
- This “balloon payment” may be a modeling artifact. The current LGIA forecast methodology assumes no increases in rates.
- BPA may be able to mitigate future balloon payments by including them in the repayment study and shaping Federal repayments around them.

# Justification for the Decision

- Based on the current outlook on transmission credits and associated balloon payments, along with feedback from customers, management has decided to not make any changes on how funds advanced for network upgrades are credited back to customers.
- However, BPA will continue to evaluate the impact of LGIA credits on transmission rates and may reconsider proposing changes in how it credits funds advanced for network upgrades back to customers in the future.

# Appendix

## Context

- On September 5<sup>th</sup> 2012 during the “Network Open Season and Generator Interconnection Reform Customer Meeting” BPA presented on the issue:
  - “How should BPA repay credits for advance funding for Network Upgrades in the future?”
- Four alternatives that could apply to *future* Large Generator Interconnection Agreements were presented to customers.

# Context

- The four alternatives examined were:
- **Alternative # 0 – Status quo (no change to transmission credit policy)**
- **Alternative # 1 – Change the interest rate applicable to LGIA credits.**
  - Base interest on a lower rate.
- **Alternative # 2 – Repay transmission credits until balance is exhausted.**
  - Remove the 20-year deadline on transmission credit repayment.
  - There would be no balloon payments, but transmission credit payments would continue beyond 20 years.
- **Alternative # 3 – Include Scheduling, System Control and Dispatch Service in Transmission Credit repayment calculation.**