

Long-Term Firm Network Request Methodology Evaluation

March 18, 2010



Problem Statement

- Transmission Services has determined that use of the current method for LTF request evaluation has resulted in significant differences between the Path Utilization Factor (PUF) derived impacts and the flow based impacts from the powerflow.
 - This result diverges from the 2006 initiative to align the PUF derived impact of new transactions with the powerflow derived impacts.
 - The current method works where sales (MW quantity) are in step with expected load growth, as long term sales exceed expected regional load growth, however, the disparity between the PUF derived impacts and flow based impacts becomes pronounced
 - BPA has received multiple TSR's that pose difficulty in getting to an otherwise straightforward assessment of true impacts. Generally, these requests have been for POR/POD combinations in close electrical proximity to each other – even for service within the same substation. When studied in a powerflow, the final impacts do not reflect a need for reinforcement.



Background

- BPA relies on flow based analysis (i.e., powerflow) - conducted once per year to provide the basis for LTF ATC values
- In order to assess new requests for transmission service, BPA uses PUFs to evaluate impacts on its internal network flowgates. For sales made between base case updates, Transmission Services holds those assessed impacts in its “in-between fixes.”
 - Former method (in use from Nov 2003 to Nov 2006 for LTF requests and still used for STF requests): Requested POR/POD analysis assumes an increase in generation at POR and an increase in load at POD
 - Current method (in use since Nov 2006): For requests with a delivery point in the Northwest, BPA uses a requested POR/POD that assumes increased generation at the POR will serve load growth throughout the Northwest – i.e., Network Composite POD. Incremental generation would be modeled as serving load growth throughout the Northwest since load was already being served in the basecase.
 - The intent of using the Composite POD was to better align the PUF-derived impact of new transactions with how flow based ATC calculations reflect incremental firm uses.



Regional Adjustments in the Use of Long Term Firm Transmission

- Following the most recent changes to its ATC Methodology, BPA continued to make Long Term transmission sales that exceeded load growth within the region.
- Two changes have limited the effectiveness of BPA's assessment of requests for long term firm service
 - Load Serving Entities must now meet Renewable Portfolio Standards (RPS)
 - Because of RPS, an increasing number of Load Serving Entities are accumulating transmission contracts which exceed their load – providing them with additional resources with a firm right to dispatch.
 - In 2008, BPA began its Network Open Season process
 - For the 2008 NOS, BPA determined 1,782 MW could be authorized without system reinforcement.
 - For NOS 2009, BPA found an additional 293 MW could be authorized without system reinforcement.
 - In the pending queue, BPA has approximately 9,200 MW of requests for long term firm service on BPA's network (as of March 15, 2010)
- These changes cause BPA to question the assumption that incremental uses of the system will be solely serving the regional load growth.



Long-Term Firm Network ATC Methodology – Next Steps

- Transmission Services is beginning a review to determine whether/how the ATC Methodology may need to be changed
 - Internal evaluation will identify and weigh options
 - Customer meetings will be held to gather feedback on options
- This may also result in a need to issue the two-year notice for modification of the method for evaluation of Redirect and NT Modification of Service Requests. Section 14.1 of the 2009 NOS Bulletin states:
 - Redirects: Transmission Services may, only upon a 24 month notice, modify its ATC Methodology to change or remove the methodology for evaluating Redirect and NT modification of service request, where such modification has an adverse impact on the Customer's ability to Redirect. Such notice will not apply where Transmission Services is subject to mandatory reliability standards or a FERC compliance order where Failure to Comply would otherwise subject Transmission Services to penalties or denial of an acceptable reciprocity tariff, in which case Transmission Services may modify such methodology by the deadline for compliance.

