

Clark, Cowlitz and EWEB

January 11, 2012

VIA EMAIL

Tech Forum
Bonneville Power Administration – TPP2
Transmission Services
PO Box 491
Vancouver, WA 98666
techforum@bpa.gov

Re: Joint NT Customer Comments on BPA's Proposed NOS Reform

Dear Tech Forum:

Clark Public Utilities, Cowlitz PUD, and EWEB (Joint NT Customers) appreciate the opportunity to comment on the Network Open Season (NOS) reform options and alternatives that BPA staff proposed on December 14, 2012. Further, we recognize the difficulty such a reform poses and praise BPA staff for their efforts.

The Joint NT Customers support the comments prepared by PPC and agree that further discussions are necessary to resolve certain details surrounding the future state of NOS. In addition, we would like to specifically address one other related issue. The Joint NT Customers are concerned about the potential disconnect between NOS cost allocation and BPA's transmission credit repayment methodology for NT customers articulated in BPA's GI Transmission Credits, Version 8 Business Practice.

The Joint NT customers believe it is necessary for BPA to clarify how it intends to allocate NOS costs between NOS participants. This is important as the allocation methodology may function to inequitably disadvantage NT customers due to different transmission credit repayment options available to PTP and NT transmission service requests. In BPA's Business Practice entitled GI Transmission Credits Version 8, BPA outlines two different repayment methodologies governing transmission credit repayment. Even in a best case scenario it is apparent from the Business Practice that an NT customer could not receive transmission credits at the same rate as a PTP customer receiving a similar repayment amount for a similar number of MW's. For example, a PTP customer can receive transmission credits on a dollar-for-dollar basis at the applicable transmission rates in effect. However, an NT customer is only able to receive some smaller ratio of its equivalent costs each month thereby extending the transmission credit repayment period for NT customer.

A delayed payback period creates additional cost and risk exposure. In order to avoid placing this additional financial burden on NT customers BPA should not allocate NOS costs to NT customers based on the MW amount of the transmission request. Instead we ask that BPA take into consideration the service type of the request. By incorporating the service type of the transmission request BPA can avoid the inequalities that arise as a result of the transmission credit repayment policies.

Therefore, the Joint NT Customers asks that BPA adopt the following NOS cost allocation methodology for NT customers. For purposes of cost allocation BPA should 1) identify the proportionate MW's requested by the NT customer, 2) apply that MW value to determine the pro rata allocation of

NOS costs, and 3) apply any cost discounts applicable (cost discounts would include those identified by BPA under “Options A and Option B” of the BPA NOS proposal presented on December 14, 2012). The Joint NT Customers propose that the proportionate MW’s of an NT transmission service request for purposes of NOS cost allocation track the language in the existing GI Transmission Credits Version 8 Business Practice. The proportionate MW’s requested should be a function of the ratio of the NT Customer’s monthly maximum hourly scheduled energy from the Generating Facility to the NT Customer’s maximum Network Load on the hour of the Monthly Transmission Peak Load during the prior 12 months. BPA would then multiply this ratio by the NT transmission customers NOS request. The resulting value would then be used in determine the pro rata allocation of NOS costs (step 2 above). For clarity, the Joint NT Customers propose that BPA use the MW reservation from the PTP request. In adopting such an allocation methodology BPA will align its NOS cost allocation methodology with its Transmission Credit policy. Although the repayment period will be longer than a comparable PTP request the overall upfront cost exposure subject to transmission credit repayment will be less, creating a more equitable division of cost and risk.

In the alternative, if BPA chooses to allocate costs based on a MW hour request BPA should modify the GI Transmission Credit Version 8 Business Practice to provide NT customers with the same repayment schedule as that provided to an equivalent PTP request. By allocating the pro rata costs based on MWs **and** modifying the Transmission Credit Business Practice BPA will resolve the inequities between NT and PTP NOS participants by providing for a similar repayment timelines and therefore cost and risk exposure.

We ask that BPA consider the concerns identified in these comments and meet with customers in the next few months to further discuss the issue. Thank you again for your efforts and the opportunity to comment on the future state of NOS.