

TSR Study and Expansion Process (TSEP)

June 14, 2016



TSEP – Updates

- At previous customer workshops, staff indicated that BPA was evaluating whether to establish a rate-impact threshold for making rolled-in rate decisions
 - I.e., any project with a potential rate impact greater than X% would be priced at incremental rate
- Historically, BPA has engaged with the region in making rolled-in rate decisions
 - Allowed for consideration of potential impacts to transmission rates and expected range of benefits
- For TSEP, the majority of feedback that we received indicated a preference to continue engaging the region on BPA's economic analyses of the projects identified, as it relates to the rolled-in rate test
- BPA has decided to maintain the status quo of discussing potential rate impacts and its analyses with the region, and to not adopt a rolled-in rate threshold for purposes of TSEP

TSEP – Updates (continued)

- The team is currently developing the model it will use to perform its economic analyses for projects identified in TSEP
 - Will be a modified version of the Net Economic Benefit Ratio (NEBR) model that will be used in the Capital Prioritization Process
 - More on the NEBR will be shared at the Integrated Program Review/Capital Investment Review public meetings this month
 - Modifications are needed largely to incorporate transmission-specific inputs (revenues, costs), and to convert the output into potential rate impacts
- BPA anticipates sharing the model it plans to use for TSEP with customers prior to the end of the 2016 Cluster Study
 - Between now and the completion of the working model, the team will post guidelines for how we plan to use the financial model in assessing rate impacts and making rolled-in rate decisions

TSEP Business Practice – First Draft

- On June 6th, BPA posted the first draft of its TSEP Business Practice for customer comment
 - Comment period ends Monday, June 20th
 - BPA will replace the ‘TSR Study Procedures’ Business Practice with the ‘TSR Study and Expansion Process (TSEP)’ Business Practice once it becomes effective
- Questions/Comments on the Business Practice?