



Transmission Services

Changes in AFC Values for Flowgates

Overview:

As of March 24, BPA is cutting over to implement changes to the AFC calculations in compliance with the NERC Standards. Preliminary analysis, of AFC by flowgate, shows significant changes in AFC. The changes are described below:

Note: A conference call is scheduled on March 28, 2011, at 1:00pm to discuss BPAT's implementation of the NERC ATC Standards.

Drivers of the AFC Changes:

1. ATC Methodology Margin (AMM) Change: The NERC Standard stipulates that BPA's AMM is not compliant and therefore cannot be held out in the 0 to 14 month timeframe. As a result, BPAT will release the AMM at month 14 instead of month 4 as is currently. This release of AMM results in large increases in AFC during the 4 to 14 month time period.

Base Case Changes: Three changes:

- a) Drop in the load forecast (along with a corresponding reduction in regional generation) of ~1200 MWs for the May, June, and August seasons (and ~800 MW for the January season) between the 2009 ATC update for 2011 and the 2011 NERC ETC base case forecast. We are seeing this drop due to the timing of when the load forecasts were done. The original forecast was done in FY09, two years out. The forecast, just recently completed, more closely tracks actual usage in the near term. We saw a similar change in the NOS 2010 NOS process. This drop in load (and generation) resulted in an increase in AFC on most flowgates.
- b) August new FCRPS Dispatch Pattern. We incorporated a new August FCRPS dispatch pattern to account for the new Biological Opinion. This caused a shift in generation North to Grand Coulee and Chief Joseph from the Lower Columbia and Snake River projects which resulted in a decrease in AFC to sell in this time frame on several flowgates.
- c) Impacts from adjacent Transmission Service Providers: the NERC standards require BPA to tie assumptions for adjacent TSP generation and load levels in the base cases to firm commitments on their system. When we updated our assumptions for the designated network resources on our adjacent TSP systems, it resulted in a shift in how we model our load/resource balance within our own system. For example, in places where we traditionally backed off the FCRPS and Mid-C projects to help get into load/resource balance, the new assumptions incorporated for designated resources of adjacent TSPs resulted in less need to back down FCRPS and Mid-C resources, resulting in a decrease in AFC on several flowgates.

The overall, net result of these changes to the base cases was an increase in AFC.

2. Switching from Limiting LTF to Pending LTF holdout: As described in BPA's STF ATC Methodology, BPA held out Limiting LTF Yearly ATC as an attempt to encumber capacity for pending LTF requests in the ST Market. This holdout is not compliant with the NERC ATC Standards and therefore will no longer be held out. In order to continue to encumber capacity for potential offers to long-term firm service, we will be accounting for the holdout by calculating the true impacts for the pending LT Requests. This holdout will now be incorporated in the pending AFC, not the posted AFC values which include confirmed reservations only.