

# GI Transmission Credits

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## BPA Transmission Business Practice

**Version 10**

**10/27/2016**

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The GI Transmission Credits Business Practice describes how repayment will occur for Interconnection Customers entitled to Transmission Credits.

### OATT Reference

- [Attachment L: Interconnection Procedures \(LGIP\); 11.4; 12.1; 12.2.3](#)

For more information, visit the [BPA Transmission Business Practices page](#) or submit questions to [techforum@bpa.gov](mailto:techforum@bpa.gov).

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## A. Credit Balance

1. The initial Transmission Credit balance consists of the total funds advanced by the Interconnection Customer to BPA Transmission Services for the construction of Network Upgrades.
2. BPA Transmission Services will adjust the Interconnection Customer’s Transmission Credit balance within six months following the completion of the construction of Network Upgrades based on the final costs associated with the project. This adjustment will occur via an invoice of the final costs.
  - a. If the actual cost of the Network Upgrades is less than the funds advanced by the Interconnection Customer, BPA Transmission Services will refund the unspent portion to the Interconnection Customer plus interest that has accrued on the unspent funds within 30 Calendar Days of issuance of the invoice for final costs.
  - b. If the actual cost of the Network Upgrades exceeds the funds advanced by the Interconnection Customer, BPA Transmission Services will invoice the Interconnection Customer for the remaining amount. These additional funds will be added to the Interconnection Customer’s Transmission Credit balance.
3. Interest begins to accrue at the USD Government Agency BVAL Curve on all funds advanced for the construction of Network Upgrades from the date BPA Transmission Services receives the payment(s) for Network Upgrades from the Interconnection Customer.

4. Once repayment has begun, interest will continue to accrue on the remaining portion of the Transmission Credit balance at the 10-year Government Agency Borrowing Rate.
5. Twenty years after the Commercial Operation Date of the generator, BPA Transmission Services will refund any remaining Transmission Credit balance in a single payment to the Interconnection Customer, or its assignee(s) eligible to receive such payment.
6. The Interconnection Customer can assign its right to receive Transmission Credits to another entity by completing and submitting an [Assignment of Transmission Credits form](#) to their Transmission Account Executive at least 60 Calendar Days prior to the effective date of the assignment. The written notice must include the following information:
  - a. Written authorization consenting to the assignment of the right to receive Transmission Credits signed by both the Interconnection Customer and assignee.
  - b. The effective date of an assignment must be on the first day of a calendar month.
  - c. The portion of the Transmission Credit balance assigned to each assignee, the duration of the assignment, and any other material terms, reservations, limitations or obligations related to the assignment, including those that may affect a subsequent reassignment of the right to receive Transmission Credits.
    - i. Subsequent reassignments from the assignee to other entities shall also be subject to step 6.
7. Within 15 Calendar days of the receipt of a completed notice of assignment, the Customer's Account Executive will provide both the assignor and the assignee written notification acknowledging the assignment.

## B. Transmission Credit Repayment

1. The Interconnection Customer must select, prior to the Commercial Operation Date of the Generating Facility, one of the two Transmission Credit repayment methods identified.
  - a. Method 1: When transmission service commences, Transmission Credits will be applied to charges in the Interconnection Customer's, or its assignee(s), monthly transmission bill for Network Integration (NT) or Point-to-Point (PTP) Transmission Service on a dollar-for-dollar basis at the applicable transmission rates that are in effect when transmission service is taken. Under Method 1, the Interconnection Customer must have acquired transmission service by the start of commercial operations.
  - b. Method 2: Upon the Commercial Operation Date of the Generating Facility, as declared by the Interconnection Customer under the provisions of LGIA, Appendix E, Transmission Credits will be repaid to the Interconnection Customer, or its assignee(s), the monthly payment is based on the Generating Facility Capacity, multiplied by the Plant Capacity Factor, multiplied by the current PTP Long-Term rate.
    - i. The length of assignment of cash payments must be a minimum of 12 months.
    - ii. A cash payment will be made only to the assignee of the Interconnection Customer.

- iii. Assignments may be made only to those who have an existing contractual relationship with BPA Transmission Services.
- 2. The default Transmission Credit repayment method is Method 2. Customers preferring Method 1 must notify BPA Transmission Services in writing prior to the Commercial Operation Date of the Generating Facility. Otherwise transmission credits will be returned pursuant to Method 2.
- 3. The Transmission Credits will be repaid exclusively by either Method 1 or 2. The methods may not be combined.
- 4. The repayment method selected by the Interconnection Customer will remain in effect for the entire term over which Transmission Credits are repaid. The Interconnection Customer cannot switch between Methods 1 and 2.
- 5. The assignee(s) of the Transmission Credits are bound by the repayment method selected by the Interconnection Customer. The assignee(s) cannot switch between Methods 1 and 2.

### C. Repayment Method 1

- 1. An Interconnection Customer that selects Method 1 repayment must have an executed LGIA and either a PTP Service Agreement with the Point-of-Receipt (POR) at the Generating Facility or an NT Service Agreement in order to receive Transmission Credits.
- 2. If the Interconnection Customer assigns its right to receive Transmission Credits, the assignee must have either a PTP Service Agreement with the POR at the Generating Facility or an NT Service Agreement.
- 3. The table below specifies the transmission services that are eligible for Transmission Credits:

Eligible for Credits	
Firm PTP Transmission Service, when:	<ul style="list-style-type: none"> <li>• The POR is at the Generating Facility</li> <li>• The POR is at the Generating Facility and the POD is redirected</li> <li>• The POR is at the Generating Facility and is redirected on a short-term firm or on a non-firm basis</li> <li>• The POR is not at the Generating Facility and the POR is redirected to the generator on a long-term firm basis</li> </ul>
Non-Firm PTP Transmission Service, when:	The POR is at the Generating Facility on the original reservation
NT Transmission Service, when:	The Generating Facility is a designated Network Resource
Secondary NT Service, when	The POR is at the Generating Facility on the original reservation
Other Services	None

4. Eligible transmission service is limited to the Nameplate Capacity of the Generating Facility for all Transmission Customers receiving Transmission Credits associated with the same resource.
5. For Firm PTP Transmission Service (POR at the Generating Facility) that is, in part, redirected on a long-term firm basis to another POR, the Transmission Credit will be reduced by the amount of the long-term firm service that is redirected away from the POR at the Generating Facility. For Firm PTP Transmission Service (POR at the Generating Facility) that is, in part, redirected on a short-term firm or on a non-firm basis to another POR, the Transmission Credit will not be impacted.
6. For Transmission Customers taking NT Transmission Service that are eligible to receive Transmission Credits, the Transmission Credit repaid in a given month is determined from the ratio of a Transmission Customer's monthly maximum hourly scheduled energy from the Generating Facility to the Transmission Customer's maximum Network Load on the hour of the Monthly Transmission Peak Load during the past 12 months, including the month in which the Transmission Credit is applied. The Transmission Credit will be applied to the Network Integration Rate on the Transmission Customer's invoice.
7. Example: If a Transmission Customer scheduled an hourly maximum of 10 MW from a resource for which the Transmission Customer holds Transmission Credits, and the Transmission Customer's maximum Network Load on the hour of the Monthly Transmission Peak Load during the past 12 months (i.e., the current billing month plus the last 11 months) was 200 MW, then the Transmission Credit applied for the month is 10/200, or five percent of the Transmission Customer's Network Integration Rate.

## D. Repayment Method 2

1. If an Interconnection Customer selects Method 2 repayment, the recipient receives a monthly cash payment, based on estimated transmission usage related to the generation facility.
2. The monthly cash payment shall be calculated using the following equation: (Generating Facility Capacity \* Plant Capacity Factor) \* Current PTP Long-Term rate
3. The monthly cash payment will be established prior to the Commercial Operation Date of the Generating Facility.
4. The monthly cash payment may be adjusted from time-to-time based on changes to the PTP Long-Term rate and/or updates to the metrics used by BPA Transmission Services to establish Plant Capacity Factor in Table 6.3 of the Northwest Electric Power and Conservation Plan.
5. For the purposes of determining the Plant Capacity Factor, BPA Transmission Services calculates the average historical percentage of nameplate capacity purchased as firm transmission by Generating Facilities that have received Transmission Credits under Method 1. The calculation of the historical capacity factor is shown in the table below in subsection (b). BPA Transmission Services then compares the historical capacity factor with the plant capacity factor published in Table 6.3 of the Sixth Northwest Conservation and Electric Power Plan for the appropriate reference plant, and uses the greater of the two to calculate the monthly cash payment.
  - a. BPA Transmission Services will review the capacity factor calculation each rate period and update the historical capacity factor as needed.

- b. Historical Capacity Factor of Generating Facilities receiving transmission credits under Method 1 on BPA's System:

	Average MW of PTP Service Purchased	Nameplate	% of Nameplate Purchased as PTP Transmission
Generator 1	263	301	88%
Generator 2	49	76	64%
Generator 3	127	126	101%
Generator 4	276	275	100%
Generator 5	446	450	99%
Generator 6	66	96	69%
Generator 7	110	200	55%
Generator 8	144	250	58%
Generator 9	27	103	26%
Generator 10	62	63	98%
Generator 11	50	101	50%
Generator 12	312	266	117%
Generator 13	97	100	97%
Generator 14	30	100	30%
Generator 15	40	100	40%
Generator 16	101	97	104%
Generator 17	27	100	27%
Generator 18	87	157	55%
Generator 19	18	30	61%
<b>Resulting Historical Capacity Factor for Method 1 Customers:</b>			<b>70%</b>
(Average % of Nameplate Purchased as PTP Transmission for Method 1 Customers)			