BP-14 Transmission Pre-Rate Case Workshop

September 12, 2012

Agenda

- Montana Intertie
- Transmission Rate Schedules Proposed Changes

Rates Workshop Follow-Up Items

#	A	B	C
1	**Customer Request**	**BPA Response**	**Date Completed**
2	**8/22/12 – The Energy Authority, via Electronic Submission:**		
3	How far in advance can Discretionary redispatch be requested?	Discretionary Redispatch can be requested almost always within the hour, although it could be requested right before the hour if Dispatch was trying to manage congestion in the current hour and still saw the need for redispatch in the next hour.	
4	Does BPAP calculate the costs of Discretionary redispatch? If yes, what does BPA take into account when calculating those costs?	At the time of the redispatch, the marketer assesses our opportunity cost of moving water based on their view of the market and expected operational considerations.	
5	What purposes does curtailment of a tag serve?	Tag curtailments are used to relieve flows on a flowgate by reducing transactions using the flowgate, requiring source generation to be reduced and the load to be re-supplied. The generation should be re-supplied on the other side of the flowgate, reducing the flow on the flowgate by providing a counterflow.	

Rates Workshop Follow-Up Items, cont.

#	A	B	C
6	**Customer Request**	**BPA Response**	**Date Completed**
7	**8/22/12 – Pre-Rate Case Workshop**		
8	Which PTP coalition members contributed to the August 22 presentation on the network segment that was delivered by Snohomish on behalf of the PTP Coalition?	•Avista Corporation •Benton County Public Utility District No. 1 •EDP Renewables •Franklin County Public Utility District No. 1 •Iberdrola Renewables, Inc. •M-S-R Public Power Agency •Powerex •Seattle City Light •Snohomish County Public Utility District No. 1 •Tacoma Power	

Rates Workshop Follow-Up Items, cont.

#	A	B	C
9	**Customer Request**	**BPA Response**	**Date Completed**
10	**8/9/12 – PTP Customer Coalition, via Electronic Submission:**		
11	What would be the rate treatment (functionalization, allocation, direct assignment, etc.) of BPA costs of paying, supporting, or reimbursing customers for NERC or WECC fines or penalties?	We do not forecast penalties. Therefore, not in segment.	
12	For FY 14-15, how much does BPA expect to receive – for the two most recent FYs, how much did BPA receive- in revenues as direct charges for its activities included above (such as revenues under O&M Agreements with respect to compliance with NERC or WECC reliability requirements and such as reimbursements by any customer under any Delegation Agreement)?	There has been no revenues under the O & M agreement or reimbursements due to NERC or WECC. There is no O & M revenues or reimbursement forecast in FY 14 & 15 due to NERC and WECC.	
13	Please describe any efforts BPA is making to work with one or more customers to develop information on such expenditures and analyze or propose how the costs of demand response might be functionalized or allocated?	We do not functionalize demand response. The costs are spread across all segments.	
14	**7/25/12 - Transmission pre-rate case workshop follow-up items:**		
15	What are the differences in “use” compared to “demand”?	We do not have this and would take time. This can be requested as a data request.	
16	What is the aggregate of total system load by month?	See Appendix for Forecast of Average Monthly Load data.	
17	Provide an updated wind forecast.	See Appendix for Transmission Credit Forecast data.	
18	Include variability for creditworthiness and resales, in revenue assumptions.	See Appendix for LT PTP Risk data.	

Montana Intertie

Preliminary Rate Impact Analysis of Eastern Intertie Alternatives

#	A	B	C	D
1	**Alternatives for Eastern/ Montana Intertie**	**Network Cost Impact**	**IM Rate Impact**	**TGT Cost Impact**
2	**Alternative #1**: Status Quo – Separate segments for Eastern Intertie and Network.	No change	No change	No change
3	**Alternative #2**: Roll the Costs of BPA's Montana Intertie Rights (16 MW into the Network.	Network rates increase by an immaterial amount, less than 0.02%	IM rate eliminated	No change
4	**Alternative #3**: Roll the entire Eastern Intertie into the Network.	Network rates increase by about 1.91%	IM rate eliminated	TGT rate eliminated

Potential Concerns with Montana Intertie Roll-In

- If the wind in the NorthWestern's Balancing Authority Area (BAA) is subject to protocol similar to DSO 216 and the wind is sinking in BPA's BAA, BPA would need to identify and review the business practices that would be affected in order for BPA to stand ready to respond to possible curtailments of the e-Tags sourcing from those wind projects.

Potential Concerns with Montana Intertie Roll-In, cont.

- In the discussions concerning a potential agreement that rolling in the Montana Intertie would not set a precedent for rolling in the Southern Intertie, have all BPA transmission customers, including marketers (e.g., Ibedrola, Powerex) been participating?
- If the Montana Intertie was rolled-in, and there was a subsequent upgrade, Network customers would generally be protected from increased costs by the NOS CIFA analysis and potential to charge an incremental rate. However, what if the Network Upgrade was customer financed, would the customer receive transmission credits?
  - If so, what would be the impact on Network rates?

Transmission Rate Schedules Proposed Changes

Proposed Changes for BP-14 Rate Period

- A number of changes or clarifications have been identified for discussion and implementation for the 2014 Rate Period.
- Most of the changes are related to Network Integration Rate, Point To Point Rate, and General Rate Schedule Provisions and Definitions. More specifically:
  - NT
    - Replacement of Monthly Transmission Peak Load also referred to as Total Transmission System Load (TTSL) with Network Customer System Peak (NCSP).
    - Metering Adjustment.

Proposed Changes for BP-14 Rate Period, cont.

- PTP.
  - PTP and SDD.
  - Interruption of Non Firm PTP Transmission Service. Same language applies for Southern Intertie Rate and Montana Intertie Rate.
- Changes on Ancillary Services language.
  - SCD Network Integration Transmission Service.
  - GSR Network Integration Transmission Service.
- General Rate Scheduling Provisions.
  - Delivery Charge.
  - NCSP – Recovery Peak Billing Adjustments.
- Definitions.

NT-12 Billing Factors Change

- The current rate schedule, NT-12, Section II.A, provides that the billing factor for the Base Charge and the Load Shaping is the customer's Network Load on the hour of the Monthly Transmission Peak Load.
- The proposed change to the Billing Factor language in the rate schedule tracks the proposed adoption of the 12 NCP network cost allocation mechanism for the Initial Proposal.
- This method would compute the customer's system peak for a given month and eliminates the Load Shaping charge and the use of TTSL.
- Specific proposed changes to the NT Rate Schedule:
  - Section II (B) Load Shaping charge is eliminated.
  - Section III. BILLING FACTORS.
  - Delete the existing language and insert the following:
    - "The monthly Billing Factor shall be the customer's Network Load on the hour of the Network Customer System Peak (NCSP)."

NT Metering Adjustment

- NT-12 Section IV.D Delete the existing language and insert the following:
  - "For those meters that cannot record hourly readings but record the meter's peak demand, the meter's peak demand will be the Billing demand on the hour of the Network Customer System Peak (NCSP)."

PTP-12 and SDD for System Sales - Clarification

- Background: The current Rate schedule, PTP-12 Sec. G. Short Distance Discount (SDD) identifies the various requirements to meet the criteria in order to qualify for the SDD.
  - The intent of the rate schedule is to exclude system sales coming out of the Federal Generation, or other system sales. Note that up to now, SDD was not applied to system sales.
- Proposal: Add the following language to Section III.G of the Point-To-Point rate schedule:
  - "…system sales (not purchased from a specific generating source) do not qualify for SDD."

PTP Interruption of Non-Firm PTP Transmission Service - Clarification

- Background. PTP, Section IV.D, second paragraph.
  - Current rate schedule states that "When Reserved Capacity becomes the Billing Factor for Hourly Non-Firm service, the following shall apply".
- This paragraph is replaced by the following:
  - "When Reserved Capacity becomes the Billing Factor for Hourly Non-Firm service, the rates charged under Section II.B.2. shall apply as follows".
- The same wording will replace the existing paragraph for Southern Intertie, Section C.
- The same wording will replace the existing paragraph for Montana Intertie Rate, Section C.

Ancillary Services Rates

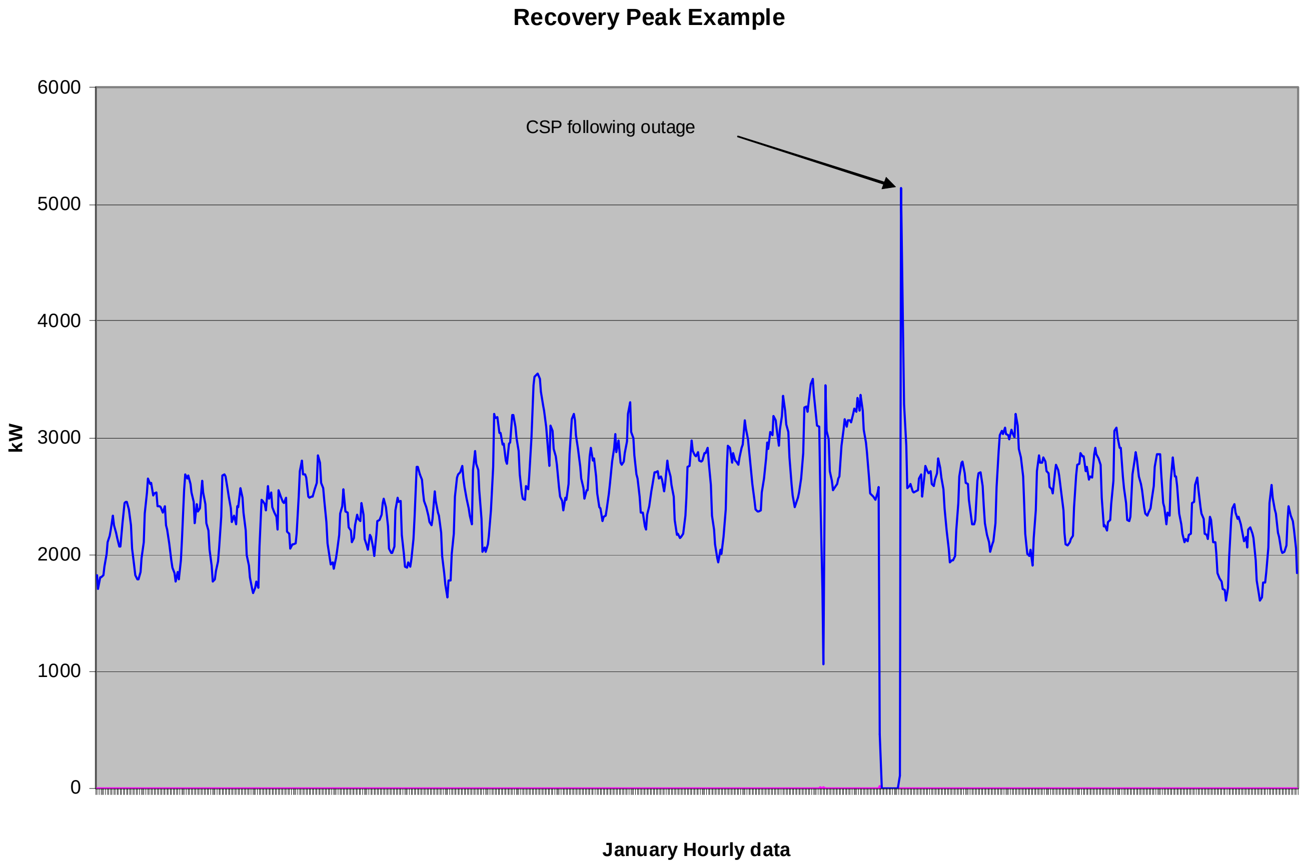
- Scheduling System Control And Dispatch Service A.2(b).
  - For Transmission Customers taking Network integration Transmission service, the Billing Factor for the rate specified in section 1.a. shall equal the NT Billing factor determined pursuant to section III, of the Network Integration Rate Schedule (NT-14).
- Reactive Supply And Voltage Control From Generating Sources Service B.2(b).
  - For Transmission Customers taking Network integration Transmission service, the Billing Factor for the rate specified in section 1.a. shall equal the NT Billing factor determined pursuant to section III, of the Network Integration Rate Schedule (NT-14).

Section II - Adjustments, Charges, and Special Rate Provisions

- Delivery Charge.
  - Section A.2.a. Current rate schedule states that the monthly Billing Factor shall be the total load on the hour of the Monthly Transmission Peak Load at the Points of Delivery specified at Utility Delivery facilities. This is deleted and replaced by the following:
    - "The monthly Billing Factor for the Utility Delivery Rates shall be the monthly peak load at the Points of delivery specified as Utility Delivery facilities."
- Billing Adjustments to NCSP.

Recovery Peak

- Issue: Power restoration events that affect NT customers billing factors.
- A few power restoration events occurred in January 2012 where utilities experienced system outages caused by a winter storm. When power was restored, the utilities experienced "recovery peaks" which set their NCSP for the month and created significantly higher NT Charges than they otherwise would have seen.

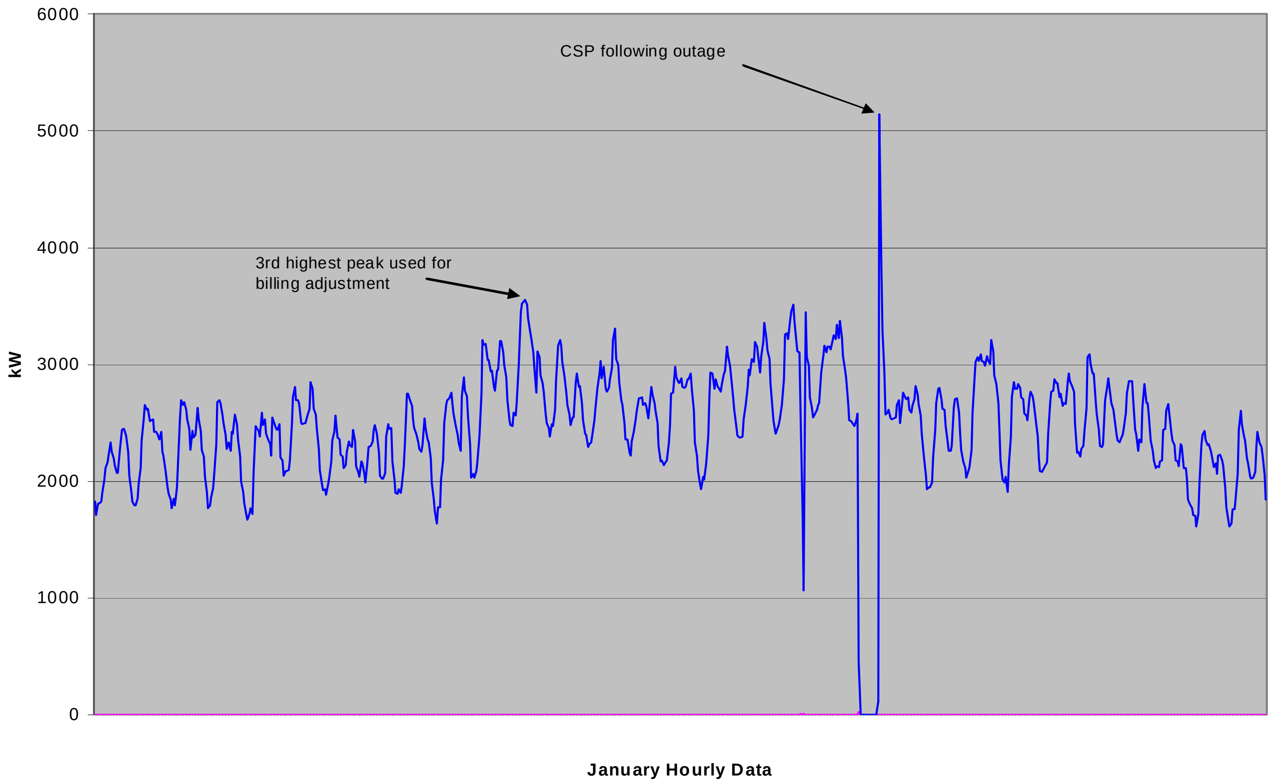


Proposed Qualifying Parameters

- BPA staff proposes to provide billing accommodations when recovery peaks occur.
- Proposed qualifying parameters for NT charges relief:
  - The outage must have occurred due to an Uncontrollable Force. The outage must have been for 2 hours or more (An outage of at least 2 hours provides a level of confidence that the measured peak was caused by a system recovery).
  - The outage must have reduced the utility's total system load by 25% (This provides some assurance that the outage was significant for the customer).
  - The NT charges resulting from the recovery peak must have been 10% or more of the recovery peak kW.

Proposed Billing Adjustments

- If a utility does experience a system outage that results in a recovery peak, they would have 45 days after the event to notify their BPA Account Executive that they are seeking relief.
- Provide relief to the NT charge by reducing the NCSP by the kW difference between the NCSP set immediately following an outage and the next highest peak not following an outage.
- Assume recovery events affect peaks for 2 hours following an outage. If more than one recovery event occurs, use the highest peak hour **not** following an outage (e.g., the 3rd hour, the 5th hour, the 7th hour, etc.).



Section III - Definitions

- No. 31 “Monthly Transmission Peak Load” Delete the term “Monthly Transmission Peak Load” and its definition.
- Add a new definition:
  - Network Customer System Peak (NCSP).
    - For NT customers: The monthly Billing Factor shall be the customer’s Network Load on the hour of the NCSP. The NCSP is the largest hourly average load amount, in kilowatts, for the billing period.
  - Station Control Error (SCE).
    - The SCE measured in MWs, is the difference between the plant generation request that BPA’s AGC sends to the plant and the actual generation reported back to BPA by the plant.
      - In the case of generators that are not controlled by BPA’s AGC, SCE is the difference between actual generation for the generator and the scheduled generation. SCE is measured in MW.

Next Steps

- Looking for customer comments on:
  - the Rate Schedules proposed changes.

- Comments due by September 19, 2012:
  - techforum@bpa.gov
  - Please include in subject line: "BP14 Transmission Rate Case – Rate Schedules Proposed Changes".

Timeline for Workshops

- Next Workshop – September 26 – AM
  - Redispatch
  - Wrap-up

Appendix

GI Credit Forecast

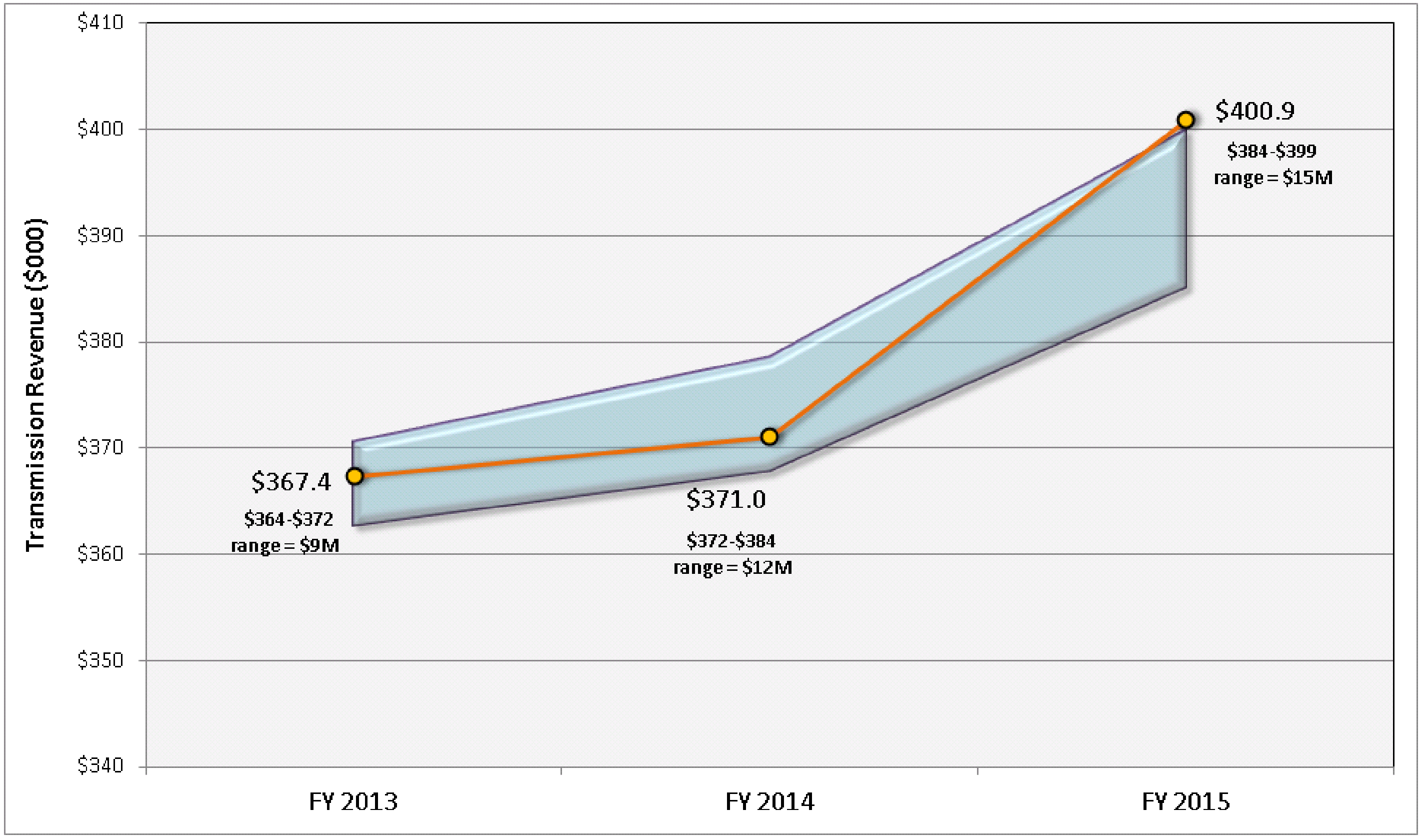
#	(A) Request	(C) Credit Start Date	(D) Credit Balance as of 6/30/2012 - (Deposits Prior to Rate Period)	(E) Network Upgrade Cost During FY13 - FY15 Period	(F) FY 13 Credit Repayment Forecast	(G) FY 14 Credit Repayment Forecast	(H) FY 15 Credit Repayment Forecast	(I) FY 13 Interest Forecast	(J) FY 14 Interest Forecast	(K) FY 15 Interest Forecast
1	Currently Taking Credits (as of 6/30/2012)									
2	GI Request 1	FY 2008	$ 7,103	$ -	$ 1,505	$ 1,505	$ 1,505	$ 257	$ 303	$ 253
3	GI Request 2	FY 2012	$ 105,264	$ -	$ 5,255	$ 5,255	$ 5,255	$ 4,382	$ 6,490	$ 7,354
4	GI Request 3	FY 2011	$ 7,315	$ -	$ 935	$ 1,090	$ 1,090	$ 262	$ 231	$ 198
5	GI Request 4	FY 2015	$ 2,719	$ -	$ -	$ -	$ 649	$ 124	$ 128	$ 122
6	GI Request 5	FY 2008	$ 3,052	$ -	$ 2,063	$ 561	$ -	$ 62	$ 3	$ -
7	GI Request 6	FY 2010	$ 7,336	$ -	$ 4,673	$ 1,722	$ -	$ 159	$ 15	$ -
8	GI Request 7	FY 2008	$ 9,165	$ -	$ 863	$ 863	$ 863	$ 368	$ 518	$ 555
9	GI Request 8	FY 2009	$ 1,438	$ -	$ 389	$ 389	$ 389	$ 49	$ 51	$ 33
10	GI Request 9	FY 2008	$ 762	$ -	$ 389	$ 307	$ -	$ 20	$ 7	$ -
11	GI Request 10	FY 2010	$ 5,788	$ -	$ 966	$ 966	$ 966	$ 218	$ 278	$ 261
12	GI Request 11	FY 2012	$ 54,704	$ -	$ 10,841	$ 11,277	$ 11,731	$ 1,795	$ 1,436	$ 1,055
13	GI Request 12	FY 2009	$ 170	$ -	$ 67	$ -	$ -	$ -	$ -	$ -
14	GI Request 13	FY 2012	$ 1,658	$ -	$ 1,349	$ -	$ -	$ 25	$ -	$ -
15	GI Request 14	FY 2007	$ 3,121	$ -	$ 567	$ 567	$ 567	$ 116	$ 144	$ 131
16	GI Request 15	FY 2007	$ 3,121	$ -	$ 567	$ 567	$ 567	$ 116	$ 144	$ 131
17	GI Request 16	FY 2007	$ 240	$ -	$ 44	$ 44	$ 44	$ 9	$ 11	$ 10
18	GI Request 17	FY 2007	$ 5,522	$ -	$ 1,003	$ 1,003	$ 1,003	$ 205	$ 255	$ 232
19	GI Request 18	FY 2009	$ 2,384	$ -	$ 785	$ 846	$ 736	$ 77	$ 68	$ 16
20	GI Request 19	FY 2012	$ 6,626	$ -	$ 1,552	$ 1,552	$ 1,552	$ 262	$ 200	$ 136
21	GI Request 20	FY 2012	$ 6,626	$ -	$ 1,552	$ 1,552	$ 1,552	$ 262	$ 200	$ 136
22	GI Request 21	FY 2012	$ 2,675	$ -	$ 605	$ 605	$ 605	$ 105	$ 82	$ 57
23	GI Request 22	FY 2012	$ 6,859	$ -	$ 1,552	$ 1,552	$ 1,552	$ 270	$ 209	$ 146
24	GI Request 23	FY 2012	$ 5,076	$ -	$ 1,148	$ 1,148	$ 1,148	$ 200	$ 155	$ 108
25	GI Request 24	FY 2012	$ 206	$ -	$ 47	$ 47	$ 47	$ 8	$ 6	$ 4
26	GI Request 25	FY 2012	$ 3,426	$ -	$ 776	$ 776	$ 776	$ 135	$ 104	$ 73
27	GI Request 26	FY 2012	$ 3,426	$ -	$ 776	$ 776	$ 776	$ 135	$ 104	$ 73
28	GI Request 27	FY 2012	$ 1,028	$ -	$ 233	$ 233	$ 233	$ 40	$ 31	$ 22
29	GI Request 28	FY 2012	$ 822	$ -	$ 186	$ 186	$ 186	$ 32	$ 25	$ 17
30	GI Request 29	FY 2007	$ 8	$ -	$ -	$ -	$ -	$ -	$ -	$ -
31	GI Request 30	FY 2009	$ 167	$ -	$ -	$ -	$ -	$ -	$ -	$ -

GI Credit Forecast, cont.

#	(A) Request	(C) Credit Start Date	(D) Credit Balance as of 6/30/2012 - (Deposits Prior to Rate Period)	(E) Network Upgrade Cost During FY13 - FY15 Period	(F) FY 13 Credit Repayment Forecast	(G) FY 14 Credit Repayment Forecast	(H) FY 15 Credit Repayment Forecast	(I) FY 13 Interest Forecast	(J) FY 14 Interest Forecast	(K) FY 15 Interest Forecast
32	Credits Repaid During the Rate Period Based on TSRs									
33	GI Request 30	FY 2011	$ 2,647	$ -	$ 2,320	$ -	$ -	$ 43	$ -	$ -
34	GI Request 31	FY 2015	$ 621	$ -	$ -	$ -	$ 584	$ 27	$ 42	$ 33
35	GI Request 32	FY 2015	$ 337	$ -	$ -	$ -	$ 385	$ 15	$ 23	$ 9
36	GI Request 33	FY 2015	$ 543	$ 7,556	$ -	$ -	$ 1,168	$ 280	$ 333	$ 327
37	Credits Repaid During the Rate Period Based on Plant Capacity									
38	GI Request 34	FY 2012	$ -	$ 2,700	$ -	$ 121	$ 794	$ -	$ 139	$ 124
39	GI Request 35	FY 2013	$ -	$ 8,666	$ -	$ -	$ 156	$ 19	$ 211	$ 409
40	GI Request 36	FY 2017	$ 20	$ 9,877	$ -	$ -	$ -	$ -	$ -	$ -
41	GI Request 37	FY 2012	$ 13,926	$ -	$ 519	$ 831	$ 1,090	$ 529	$ 523	$ 505
42	GI Request 38	FY 2012		$ -	$ 223	$ 270	$ -	$ 14	$ 4	$ -
43	*Projects Not Receiving Credits during FY13-FY15*		$ 6,389	$ 78,199	$ -	$ -	$ -	$ 922	$ 2,326	$ 3,982
44	*Total Credits and Interest During the Rate Period*		$ 282,291	$ 106,998	$ 43,747	$ 36,609	$ 37,969	$ 11,540	$ 14,801	$ 16,514

Rate Case 14 Initial Proposal LT PTP Risk

- Customers asked BPA to look at risk to the LT PTP forecast.
- The chart below shows expected risk based on uncertainty caused by renewals, deferrals, conversions, in service date of NOS projects, and customer default.
- Analysis shows a 50% chance that actual revenue will be within the high and low ranges.



Forecast of Average Monthly Load in BPA Balancing Authority Area, FY 2014 - FY 2015 (aMW)/1

		A	B	C	D	E	F	G	H	I	J
		01_October	02_November	03_December	04_January	05_February	06_March	07_April	08_May	09_June	10_July
1	**FY2014**										
2	NT Load	3,693	4,314	4,752	4,742	4,529	4,057	3,966	3,786	3,819	4,012
3	PTP Load	1,620	1,847	1,941	1,941	1,878	1,730	1,687	1,613	1,650	1,715
4	Other Load	4	5	5	5	5	5	4	4	4	4
5	**Total FY14**	**5,317**	**6,166**	**6,698**	**6,688**	**6,412**	**5,791**	**5,657**	**5,403**	**5,473**	**5,731**
6	**FY2015**										
7	NT Load	3,687	4,310	4,747	4,696	4,488	4,020	3,934	3,737	3,780	3,969
8	PTP Load	1,634	1,862	1,955	1,955	1,894	1,744	1,702	1,627	1,665	1,730
9	Other Load	48	48	49	49	49	48	48	48	48	47
10	**Total FY15**	**5,369**	**6,220**	**6,751**	**6,699**	**6,431**	**5,813**	**5,684**	**5,412**	**5,492**	**5,746**

1/ Total is forecasted billing factor for Regulation and Frequency Response - Average MW of Load for the month.
2/ Data for NT and PTP is calculated where the billed RFR contract matches the customer's billed NT or PTP contract.
3/ The average monthly load (RFR billing factor) identified for NT and PTP customers does not reflect the NT or PTP billing factor.