

# **Dynamic Transfer Capability (DTC) Rates Settlement Update Workshop**

March 7, 2012

# INTRODUCTION

- BPA agreed to engage parties through workshop discussions and written comment and response regarding many facets of Dynamic Transfer Capability (DTC) pursuant to the BP-12 Transmission Settlement Agreement.
- Today's discussion is intended to review the status of DTC-related actions identified in the settlement and to respond to customer feedback from the January 19, 2012 DTC workshop.
- We encourage you to join us today in an open and constructive dialogue on these DTC-related issues. This is our opportunity to listen and your opportunity to give us feedback, ask questions, and explore future DTC-related work at BPA.

# Topics

- BPA Responses to Customer Comments from the January 19 Workshop.
  
- Next Steps.
  - Regional WIST forum for policy and commercial issues.
  - Rate Case workshops begin: May 9, 2012

# **Summary of Customer Comments and BPA's Responses**

## **January 19, 2012 DTC Workshop**

# **Issue: BPA should participate in collaborative processes to address DTC issues.**

- BPA expects to participate in any WIST sponsored DTC commercial/policy/technical task groups that may be formed.
- BPA is addressing DTC issues as part of 2014-2015 Rate Case workshops.
- BPA expects to revisit its business practices in the fall of 2012 in anticipation of soliciting, receiving, evaluating, and awarding DTC in early 2013.

## **Issue: BPA should adopt the terminology and methodology recommended in the WIST Phase III DTC report.**

- BPA expects to modify terms in its business practices to be consistent with the WIST DTC Task Force Phase 3 report when it revisits these practices this fall.
- BPA's business practices do not require that any particular methodology be used for TVL studies.
- The existing BPA DTC limits were calculated using the TVL methodology outlined in the WIST DTC Task Force Phase 3 report.

## **Issue: BPA should assure that the costs of supporting dynamic transfers are equitably allocated.**

- BPA agrees that dynamic transfer costs should be equitably allocated; these costs are currently embedded in BPA's transmission rates which every customer pays.
- These costs have never been segmented and assigned to a DTC rate.
- BPA is considering whether to propose a DTC rate for the FY14-15 rate period. BPA continues to be interested in hearing from customers on this issue.

## Issue: BPA should complete an inventory of DTC.

- BPA has essentially captured impacts of historic inventory in the form of its “historic use” (defined as uses that existed prior to December 31, 2009) analysis, which considers all variations of power flow across flowgates from all causes. BPA also has an inventory of new awards of DTC based on the 2010 DTC methodology.
- Mapping background variations to single customers, projects, or contracts would be fraught with difficulties, would consume significant amounts of staff time, and would not yield useful information that would affect the evaluation of new requests for DTC because these historic uses are well understood, fairly predictable and small.
- BPA assesses additional DTC availability by applying a TVL methodology to each flowgate after accounting for historic and committed uses.



## **Issue: BPA should complete an inventory of DTC. (continued)**

- BPA assesses the impact of particular requests to determine whether the request can be honored as submitted, limited in some way. (e.g. maximum generation movement may be capped or ramp rate may be limited).
- Over time, as system topology changes and awards are granted, BPA expects changes in DTC availability.
- These changes will be taken into account in determining whether to grant particular DTC requests in future award periods.

## **Issue: BPA should no longer award DTC based on a priority basis to particular uses.**

- BPA's current policy provides a priority to requests for DTC in support of BPA's CSGI pilot program or to move wind generation control out of BPA's BAA.
- BPA expects to reconsider this policy as part of the DTC Pilot Phase 2 evaluation in light of the fact that these priorities do not seem to limit current DTC awards.

# Potential Next Steps

# DTC Next Steps:

## WIST Joint Initiatives DTC Task Force

- The WIST Joint Initiatives DTC Task Force (TF) completed its work in December 2011; WIST is reviewing the options for continuing DTC work to address commercial and policy questions raised by the TF.
- The DTC TF recommended forming another group to look at commercial and policy issues related to implementation of their findings. It provided a starting list of potential commercial and policy issues.
- BPA is participating in this regional WIST discussion to frame the commercial and policy issues. The first meeting was held March 1.
- BPA expects this effort to take at least a year, if not more, to develop a comprehensive report with further recommendations.

# DTC Next Steps: Summary

- BPA will continue to work with customers through the various BPA rates workshops to flesh out and resolve issues related to DTC.
- BPA plans to participate in the regional WIST discussions on VTC/DTC Commercial and Policy impacts.
- BPA is considering whether to propose a Variable Transfer Capacity (VTC) rate for the FY14/15 rate period.
- Until the issues surrounding VTC/DTC matures, especially with regard to regional commercial and/or policy impacts, it may be premature to create a VTC expansion work plan until there is a better understanding of the purpose and goals for VTC expansion.
- BPA expects to begin formal rate case workshops by May 9, 2012 with a kick-off on Scheduling/Topics/Initial Discussions.

See BPA Calendar for updates at:

[http://www.bpa.gov/corporate/ratecase/bp14\\_meeting\\_ws.cfm](http://www.bpa.gov/corporate/ratecase/bp14_meeting_ws.cfm)

# Discussion

