

**BP-14 Power Rates Workshop
August 9, 2012**

Rate Schedules and General Rate Schedule Provisions

I. General GRSP Language Fixes:

A. Clarification on RSS take or pay obligation

Issue: The PSC does not provide customers with a contractual off ramp from taking RSS for Specified Resources outside of the prescribed Purchase Periods. Customers, however, may experience situations where they permanently can no longer apply the resource to load within a rate period or are delayed in their application of the resource to load.

Q. Should customers requesting to end their RSS because they no longer can apply or are delayed in their application of their resource to load have a continuing RSS charge payment obligation within a rate period?

A. Yes. BPA sets aside the capacity necessary to support the various resource support services when setting rates in the rate case, and when calculating the charges for a resource that comes on within a rate case. The GRSPs should acknowledge these circumstances and state that the customer in question is still responsible for paying the applicable RSS capacity charges for the remainder of the rate period.

BP-14 Power Rates Workshop
August 9, 2012

B. Unanticipated Load Service (ULS)

Issue: Should the ULS be more broadly applicable to potential scenarios other than those currently listed in the GRSPs where a request for Firm Requirements Power results in an unanticipated increase in a customer's load placed on BPA?

Currently, the ULS is narrowly construed to apply only to specific circumstances as listed in the GRSPs. However, there are plausible scenarios not currently described where the ULS may be an appropriate rate to apply to unanticipated increases in customer's loads. For example, where a retail consumer of a customer decides to sell the output of a consumer-owned resource that is contractually committed to serving onsite consumer load (and long-term application of the UAI may be inappropriate). This is a single example, but other unforeseen scenarios could arise during a rate period.

BPA staff current thinking:

BPA staff believes it is appropriate to expand the current ULS language to allow BPA to provide Unanticipated Load Service, at BPA's discretion, to a wider range of events when a Load Following customer has a need and requests for BPA to provide additional load service beyond BPA's contractual obligation. BPA staff does not believe that the Unauthorized Increase (UAI) Charge is the appropriate mechanism to provide load service needs over extended periods of time that are identified significantly ahead of the fact.

The UAI Charge is a penalty that applies when a customer is taking more power from BPA than it is contractually entitled to take. The UAI is typically identified after-the-fact and not something that BPA intends to use on a forward-looking bases for long periods of time. BPA should have the ability to provide additional load service beyond its contractual obligation to load following customers at a rate other than its penalty rates. The Unanticipated Load Service appears to be the appropriate solution since it is a marginal cost rate that recovers the cost of the power to provide the additional load service and leaves all other customers unharmed. The ULS also includes significant notice deadlines, which clearly distinguishes its purpose and application from that of the UAI Charge.

**BP-14 Power Rates Workshop
August 9, 2012**

C. Load Shaping Charge True-up Adjustment – GRSP I. Page 53

Issue: Load Shaping Charge True-up payment option included in testimony of BP-12 but was not included in the GRSP language. The payment language should be included in the GRSPs.

BP-12-E-BPA-41 Page 9

Q. Please describe how the Slice True-Up payment schedule works.

A. As stated in the TRM, “The final Slice True-Up Adjustment Charge for each customer will be applied either as a one-month credit (if the adjustment is negative) or as a three-month charge (if the adjustment is positive) spread equally across the three months following the month the final Slice True-Up Adjustment Charge is determined by BPA. Slice customers have the option to pay the entire charge in one month.” TRM-12S-A-03, at 13.

Q. The Slice True-Up Adjustment Charge includes an interest calculation. Are you proposing that also apply to the Load Shaping Charge True-Up?

A. No. In the spirit of adding simplicity to the Load Shaping Charge True-Up, we are proposing not to include an interest component to the Load Shaping Charge True-Up payment schedule.

**BP-14 Power Rates Workshop
August 9, 2012**

D. Calculation of the Actual Firm Surplus and Secondary Adjustment from Unused RHW – GRSP. R. (a)(3). Page 81

Issue: Formula needlessly converts a RHW Tier 1 System Capability from aMW to MWh. RHW Tier 1 System Capability is expressed in kWh in section Q of the GRSPs. Calculation of the Actual Firm Surplus and Secondary Adjustment from Unused RHW formula should be revised to use the kWh amounts as identified in the GRSPs.

Currently reads:

- (3) the Change in Unused RHW Revenue for the applicable fiscal year (change can be positive or negative).

Where:

Change in Unused RHW Revenue = (Actual Unused RHW – Forecast Unused RHW) × 45.74 mills/kWh.

Actual Unused RHW = (1.00 – sum of actual TOCAs, expressed as a decimal) × RHW Tier 1 System Capability for the applicable fiscal year (expressed in aMW) × 8,760 hours (8,784 hours if a leap year)

Forecast Unused RHW = (1.00 – sum of forecast TOCAs, expressed as a decimal) × RHW Tier 1 System Capability for the applicable FY (expressed in aMW) × 8,760 hours (8,784 hours if a leap year).

Change to:

- (3) the Change in Unused RHW Revenue for the applicable fiscal year (change can be positive or negative).

Where:

Change in Unused RHW Revenue = (Actual Unused RHW – Forecast Unused RHW) × 45.74 mills/kWh.

Actual Unused RHW = (1.00 – sum of actual TOCAs, expressed as a decimal) × **annual sum of RHW Tier 1 System Capability for the applicable fiscal year as identified in GRSP Table F (expressed in MWh).**

Forecast Unused RHW = (1.00 – sum of forecast TOCAs, expressed as a decimal) × **annual sum of RHW Tier 1 System Capability for the applicable fiscal year as identified in GRSP Table F (expressed in MWh).**

**BP-14 Power Rates Workshop
August 9, 2012**

E. TOCA Adjustment – GRSP T. page 85

Issue: A Slice/Block customer has been identified as having a resource that is determined on a calendar year and not a fiscal year basis. There is a special provision in its contract that allows for a mid-fiscal year resource change. This provision may impact the Annual Net Requirement for this particular customer within the Fiscal Year.–The current GRSP language does not allow BPA to adjust the TOCA mid-fiscal year and calculate the appropriate billing adjustment to properly deal with this special provision.

Remove: “Any adjustment of a Customer’s TOCA must be made prior to each October 1 and is effective for the following fiscal year.”

Replace with: Any adjustment of a Load Following Customer’s TOCA must be made prior to each October 1 and is effective for the following fiscal year only. A Slice/Block or Block Customer’s TOCA may be adjusted within a fiscal year only if the Customer’s Annual Net Requirement changes. In such a situation, the TOCA will be effective as of the beginning of the fiscal year and the Customer will be billed retroactively through a one-time billing adjustment that will be applied and will be calculated as 1) the sum of the amount billed for the months prior to any mid-fiscal year TOCA adjustment minus 2) the sum of the amount that should have been billed for those same months with the mid-fiscal year adjusted TOCA. A positive calculation would create a credit to the customer, a negative calculate would create a charge.

F. Charge for Unauthorized Increase in Demand – GRSP V.1. page 91

Issue: The language is in error and does not make sense.

Currently reads: “The amount of measured demand during a HLH billing hour that exceeds the amount of demand the Customer is contractually entitled to take during that hour shall be billed at 1.25 times the applicable monthly demand **charge**. [*Emphasis added.*]

Replace: “charge.” with “rate.”

**BP-14 Power Rates Workshop
August 9, 2012**

II. Demand UAI for Slice

Issue:

Slice customers took issue with the Demand UAI for Slice in early FY2012. They were surprised to learn, after the rate case had concluded, that the Demand UAI was applicable to the Slice portion of the Slice/Block product. Slice customers questioned BPA's rationale for including a Demand UAI for Slice.

BPA Staff continues to believe that both the energy and capacity (demand) components of the UAI should be applied to the Slice portion of the Slice/Block product. Similar to the block and load following products, the Slice portion of the Slice/Block product also uses, and can be provided with unauthorized amounts of, both energy and capacity. This is in parallel treatment to both the Block product and Load Following product.

Clarification to billing determinant language – GRSP V.1. page 91.

Currently reads: "For a Slice Customer, the demand in excess of its demand entitlement is any excess Slice delivered amount on the highest Slice delivery hour during the HLH period of the month."

Replace with: The Slice portion of the Slice/Block product will be subject to a Demand UAI if the Slice demand is in excess of the Slice entitlement during a HLH of a month. The Slice demand in excess of the Slice entitlement is measured as: 1) the largest hourly amount of Slice power delivery from BPA for any HLH hour of a month (tagged + untagged energy) minus, 2) the largest hourly rounded, whole integer sum of the BOS Base, total Feasible Max Gen (6 Simulator Projects) and BOS Flex Up for any HLH of the same month.

**BP-14 Power Rates Workshop
August 9, 2012**

III. Slice True-up NR Revenue

Issue: Should NR sales be subject to the Slice True-up, similar to IP sales?

BPA staff is still considering this issue. There are pros and cons with having NR sales be subject to the Slice True-up. We do not expect to have much if any NR sales. Adding another layer of complexity to the Slice True-up does not seem worthwhile if all it effectively tracks are the onesies and twosies in NR sales that can result when actual resources applied to NLSL loads do not exactly match the NLSL loads. That said, if NR sales become more prevalent, the logic used to support the true-up of IP sales would be equally applicable a true-up of NR sales. Specifically, forecast power sales can significantly impact BPA's posted rates and forecast sales do not often equal actual sales.

Note: If NR sales are determined to be subject to the Slice True-up, GRSP language must be included akin to the language used to true-up IP sales. If we determine they are not subject to the true-up, then no new GRSP language is needed.

Current IP Language:

(b) Calculation of the Actual DSI Revenue Credit

For purposes of the annual Composite Cost Pool True-Up, the Actual DSI Revenue Credit for the applicable fiscal year will be calculated as the sum of:

- (1) the forecast DSI Revenue Credit for the applicable fiscal year developed in the BP-12 7(i) process;
- (2) i) the forecast MWh amount used to calculate (1) above for the applicable fiscal year *minus* ii) the actual MWh amount of DSI sales for the applicable fiscal year, the result multiplied by -1.59 mills/kWh;

and

- (3) DSI Take-or-Pay revenues

Where:

Actual kWh amount of DSI sales and DSI Take-or-Pay revenues will be obtained from BPA data sources

-1.59 mills/kWh is calculated by the equation:

PFMEES – 8.41 mills/kWh

Where:

PFMEES is the PF Melded Equivalent Energy Scalar of 6.82 mills/kWh and is subject to the CRAC, the DDC, and the NFB Emergency Surcharge.

**BP-14 Power Rates Workshop
August 9, 2012**

IV. Take or Pay for Unanticipated Energy:

BPA's Regional Dialogue Contract High Water Mark (CHWM) Power Sales contracts are Take or Pay to the extent that:

- Load Following customers pay for Priority Firm Power equal to their hourly net requirements, whether or not those amounts are taken by the customer.
- Slice/Block and Block customers pay for Priority Firm Power in the amount of their Slice percentages and their Block purchases regardless of their actual Slice and Block schedules.

Take or Pay applies to Load Following customers when they, their consumers, or generators connected to their distribution systems provide more energy than dedicated in the customer's Power Sales contract¹. Examples are:

- Resource Test Energy,
- Unscheduled generation from merchant generators connected to a customer's distribution system,
- Consumer generation on the customer's distribution system that is contractually required to be sold elsewhere or exceeds on-site consumer load.

When energy is provided that exceeds dedicated amounts, BPA does not credit the customer for the additional energy. The customer is billed for its energy use net only of resource amounts dedicated in the customer's contract. Staff intends to clarify in the GRSPs that energy delivered into customer systems in excess of contracted amounts is not compensated by BPA².

Similarly, if Slice/Block and Block customers schedule less energy than identified by the Slice Computer Application hourly minimum, or fail to schedule their entire Block amount, BPA does not credit the customer for energy 'left on the table.'

V. Unauthorized Decrease (UAD) Charges:

During over-supply events BPA pays for wind to be curtailed when Load Following customers provide or allow additional non-BPA energy to flow into their distribution systems. In these instances, in addition to not crediting the Customer for the additional energy, Staff proposes an Unauthorized Decrease (UAD) charge to recover over-supply costs exacerbated by the additional energy.

Similarly, during over-supply events BPA may incur costs when Slice/Block or Block customers leave energy 'on the table'. Staff proposes also to recover over-supply costs exacerbated by under-schedules of Slice or Block energy.

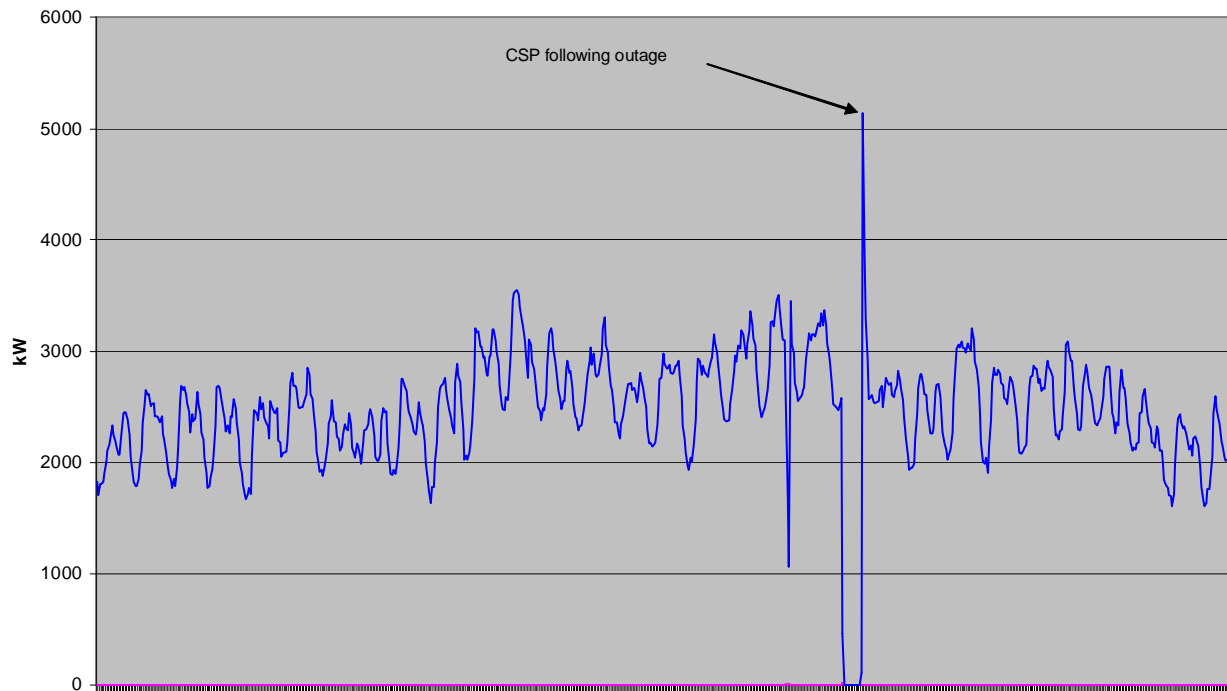
¹ Unless such resources are: covered by RSS products including GMS and Secondary Crediting Service, or are Small non-dispatchable resources.

² This does not preclude arrangements made between BPA's bulk marketing group and the customer.

Recovery Peak

- Issue: Power restoration events that affect Load Following utilities' Demand Billing Determinant.
- 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 Customer System Peak (CSP) for the month and created significantly higher Demand Charges than they otherwise would have seen.

Recovery Peak Example



January Hourly data

Proposed Qualifying Parameters

- BPA staff proposes to provide billing accommodations when recovery peaks occur.
- Proposed qualifying parameters for Demand Charge relief:
 - The outage must have occurred due to an Uncontrollable Force. The outage must have been for two hours or more. (An outage of at least two 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 percent or more. (This provides some assurance that the outage was significant for the customer.)
 - The Demand Billing Determinant resulting from the recovery peak must have been ten percent 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 Demand charge by reducing the Demand CSP by the kW difference between the CSP set immediately following an outage and the next highest HLH 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 HLH peak hour **not** following an outage. E.g., the third hour, the fifth hour, the seventh hour, etc.

