

Rate Period 14 (FY 2014-2015) Rate Period High Water Mark Process

R14 - RHW M Outputs:

- BPA RT1SC (based on T1 System Firm Critical Output study)
- BPA RHW M Augmentation (includes new publics, DOE Richland, tribal load growth)
- Customer RHW M
- Customer Above RHW ML

RHW M Calculation (TRM Section 4.2.1)

Expressed as a formula, the RHW M will be calculated by BPA for each customer as follows:

$$RHW M = \frac{CHWM}{\sum CHWM} \times RT1SC$$

Where:

RHW M = Rate Period High Water Mark, expressed in average megawatts

CHWM = Contract High Water Mark

$\sum CHWM$ = Sum of all Publics' Contract High Water Marks, including those for publics without a CHWM contract

RT1SC = forecast RHW M Tier 1 System Capability, averaged for the Rate Period

Examples of Impact of Changes in RHW M Process Inputs on RHW M Process Outputs

Example 1 – Increase in T1SFCO

Existing CHWM = 200aMW

Existing TOCA = $\frac{200aMW}{7000aMW} = 0.0285714$

New RT1SC = 7200aMW

NEW RHW M = $0.0285714 \times 7200 = 205.714aMW$

If this utility has a Gross Requirement = 200 aMW, Above-RHW M load will be zero.

Example 2 – Decrease in T1SFCO

$$\text{Existing CHWM} = 200aMW$$

$$\text{Existing TOCA} = \frac{200aMW}{7000aMW} = 0.0285714$$

$$\text{New RT1SC} = 6600aMW$$

$$\text{NEW RHWM} = 0.0285724 \times 6600 = 188.571aMW$$

If this utility has a Gross Requirement = 200 aMW, Above-RHWM load will be 11.429 aMW.

Example 3 – No Change in T1SFCO, and unchanged RT1SC, and utility's load increases

$$\text{Existing CHWM} = 200aMW$$

$$\text{Existing TOCA} = \frac{200aMW}{7000aMW} = 0.0285714$$

$$\text{RT1SC} = 7000aMW$$

$$\text{RHWM} = 0.0285714 \times 7000 = 200aMW$$

If this utility has a Gross Requirement = 250 aMW, Above-RHWM load will be 50 aMW.

Example 4 – Effect of an Increase in RHWM Augmentation

$$\text{RT1SC} = \text{T1SFCO} + \text{RHWM Augmentation}$$

Suppose that $\text{RT1SC}_{\text{BP-12}}$ was 7000, of which

$$\text{T1SFCO}_{\text{BP-12}} = 6950, \text{ and } \text{RHWM Augmentation}_{\text{BP-12}} = 50$$

$$\text{New RHWM Augmentation} = 150$$

$$\text{New RT1SC} = 7100$$

$$\text{Existing CHWM} = 200aMW$$

$$\text{Existing TOCA} = \frac{200aMW}{7000aMW} = 0.0285174$$

$$\text{New TOCA} = \frac{200aMW}{7100aMW} = 0.0281690^1$$

$$\text{RT1SC} = 7100aMW$$

$$\text{RHWM} = 0.0281690 \times 7100 = 200aMW$$

If this utility has a Gross Requirement = 200 aMW, Above-RHWM load will be zero.

¹ Note that the denominator for TOCA is the sum of Initial CHWM (as set in BP-12) plus Augmentation for New Publics, DOE/Richland, and Tribe load growth. Since the Augmentation Limit for other RHWM Augmentation was set to zero as of BP-12, any change in RHWM Augmentation will scale down customer TOCAs such that when applied to the new RT1SC (which includes the additional Augmentation for New Publics, DOE/Richland, and Tribe load growth), there is zero change in a customers RHWM eligibility at the Tier 1 rate.

Potential Issues

1. Data Center load- since Above-RHWM loads will be determined in this process, and data center load will generally be characterized as Above-RHWM load if not characterized as a NLSL, customers will not want to be tied into a fixed T2 or NR obligation for a load which may or may not show up. These customers want to delay the determination of RHWM Process outputs for as long as possible.
2. On the reverse side, customers who are anticipating Above-RHWM loads desire planning certainty well in advance of TRM deadlines, and would like RHWM Process outputs determined earlier rather than later.
3. BPA is mediating through these competing wants, while creating as transparent a process as possible.
4. Generally, BPA anticipates issues surrounding the RHWM Process to be customer-specific and tied to individual loads.
5. Other possible issues could include contention related to the computation of the T1 System Firm Critical Output, and RHWM Augmentation for New Public/DOE/Tribes. These variables affect how much T1 energy customers have access to, and therefore, material changes from BP-12 will need to be adequately explained and vetted with customers.
6. Inclusion of station service load in Jefferson's revised CHWM will not affect others' access to T1; however will directly result in higher system augmentation costs imbedded in the T1 composite rate. Therefore, this also could be an issue that requires discussion.