

***PUD No 1. Of Franklin County comments to BP-18 Transmission Rate Case Workshop May 24, 2016
Parking Lot Issues.***

Short-Distance Discount (SDD)

Currently under BPA Business Practices, if a PTP reservation that receives a SDD credit is redirected, for all or a portion of the capacity and for any period of time during a month, the customer loses the discount for the entire month in which the reservation was redirected. Under this practice, a utility loses 100% of its SDD credit when a redirect may only occur once in a month and for a single hour. The method of penalizing 100% of the credit for any occurrence is excessive and should be scaled or assessed to a level in relation to the level of the redirects.

It is requested that BPA address the following scenarios and questions regarding specific examples when a customer redirects PTP SDD paths:

- 1) When a BPA transmission customer with PTP SDD path reassigns capacity on this path to a third party, will SDD go away or will it stay, and why or why not? What if a seller fully or partially transfers its rights on SDD path?
- 2) When a BPA transmission customer with PTP SDD path redirects this capacity on the same path to a shorter duration (yearly to monthly, daily, or hourly), will SDD go away or will it stay, and why or why not?
- 3) When a BPA transmission customer with PTP SDD path accidentally redirects this capacity to a different path, but fixes the mistake by redirecting it back to the SDD path, would BPA consider allowing the full SDD credit instead of taking it away?
- 4) When a BPA transmission customer with PTP SDD path redirects this capacity to a different path for even one hour, the customer will lose SDD, would BPA consider giving the customer partial discount for the hours it did not redirect transmission from SDD path?

It is suggested that BPA consider a practice of decreasing the monthly SDD credit in proportion to redirects for a certain threshold before a customer loses the full value of the credit or a manner of decreasing the credit if certain targets are met.

Unauthorized Increase Charge (UIC) Rate Calculation pursuant to Section II.F.1.a. of the GRSP and UIC Relief Section II.F.3.a

BPA PTP customers are assessed a UIC charge as defined in Section II.F.1.a. UIC penalties are appropriate however the rate at which they are calculated is excessive and does not represent a proper charge or cost to the system.

BPA Response that the UIC is designed to discourage a certain behavior and that it does see reasons to adjust the charge.

Franklin agrees that the purpose of the charge is to negate a type of behavior but should not be so overly aggressive for inadvertent and erroneous non pervasive behavior.

FERC Order-890 (847-849) addresses reasonable penalty charges for transmission providers in setting their unreserved use penalty rates. In Order-890 the Commission concluded “that a penalty of twice the standard rate was not excessively punitive and believe an unreserved use penalty equal to twice the applicable rate should create the appropriate incentive to transmission customers”.

FERC continued that “Nonetheless, we will allow transmission in excess of twice the relevant firm point-to-point rate for *pervasive* unreserved use. In arguing for such a higher penalty rate, the transmission provider must address why the standard penalty rate that penalizes repeated unreserved use is not adequate to discourage repeated instances of unreserved use of transmission service.”

Franklin’s believes that the current UIC penalty does not distinguish between inadvertent/erroneous occurrences and pervasive unreserved use and in doing so assesses all UIC charges on a pervasive exceptional charge.

A proper UAI charge as suggested/determined by FERC should be two times the standard rate for customers first occurrence when it is determined that the cause for the UAI was as a result unintentional circumstances with a pervasive penalty for intentional increases.

The GRSP Section II.F.3.a gives direction to BPA in issuing relief for waiving or reducing the UIC. These directions however are inflexible and stringent and do not allow the ability to permit for a fair reduction or waiver of UIC assessments for inadvertent/unintentional UAI’s