

# **BPA Transmission Southern Intertie Hourly Non-Firm Workshop Kick-Off**

September 8, 2015



# Agenda

- Why are we here?
- Status: Fundamentals
- Approaches
- Principles/Open Discussion
- Next steps
  - Workshop Timeline

# Why are we here?

- BPA stated in the BP-16 ROD that we would conduct workshops to evaluate rate and non-rate solutions to produce an equitable outcome that would preserve the value of BPA's assets.
- These workshops are to provide customers the opportunity to discuss and collaborate on possible solutions to preserve the value of our assets, for both BPA's financial stability and the benefit of all of our customers and the region.

# What is the status of the value of IS LT?

- Although the Southern Intertie queue has requests in it at this time, we have seen customers not accept LT firm offers for service on the Southern Intertie.
- There has been over 1000 MW removed from the Southern Intertie queue.
- BPA is trying to develop a better understanding of the markets and choices facing market participants in order to maintain the value of LT firm service.

# Approaches to the Seams Issue

- Regional Options:
  - Make changes to the rate design to preserve the value of LT firm service.
  - Review the non-firm inventory practices.
  - Ensure BPA curtailment priority is equally important to the adjacent BA curtailment priority.

# Approaches to the Seams Issue

- Extra-Regional Options:
  - Joint operating procedures with adjacent transmission providers.
  - Sharing of congestion rents with the ISO.

# Principles/Open Discussion



# Draft Principles

## ▪ Rate Criteria:

- Set rates and policies consistent with statutory requirements
  - Full and timely cost recovery
  - BPA's rates are based on total system costs
  - Equitable cost allocation between Federal and non-Federal uses of the transmission system
  - Encourages the widest possible diversified use of electric power at the lowest possible rates to consumers, consistent with sound business principles
- Set rates consistent with ratemaking principles
  - Cost causation
  - Consistent with statutory obligations and minimize compliance risk
  - Simplicity, understandability, public acceptance and feasibility of application
  - Avoidance of rate shock
  - Rate stability from rate period to rate period
- Considerate of seams issues with California
  - Preserve the value of BPA transmission products and ensure their long term viability
  - Minimize adverse impacts on BPA transmission customers of seams issues with other transmission providers and path operators on the COI and PDCI.
  - Takes into account the effect of the Centrally Cleared Energy Dispatch (0-NX) on the CAISO/OATT seams issue and vice-versa.



# Draft Principles

## ▪ Non-Rate Criteria:

- Consistent with statutory obligations and minimizes compliance risk
- Consistent with desired future state of BPA business and policy – Does the decision support the longer term direction of BPA with regards to its policies and practices?
- Ability to implement both from a BPA technical perspective and from the customer's perspective. – Options provided herein will have implications for the ability to implement both from a technical standpoint, but also from a customer process and communication standpoint.
- Supportability – Ongoing costs (if any) associated with maintenance and system upgrades.
- Considers impacts to different customers
- Considers impacts to reliable operations
- Financial – Implementation – Options presented may have significantly different implementation costs associated with them.
- Financial – Revenue

# Process and Timeframe



# Process

- Similar to Regional Segmentation Process prior to BP-16 rate case
- Work with stakeholders to develop principles
- Benchmark how other TPs have treated seams issues
- Seek alternatives from stakeholders
- Develop white paper which includes:
  - Analysis of alternatives by BPA ( T and P staff)
  - Stakeholder evaluation of the alternatives
- This discussion will inform the decision on whether to hold a “mini” 7i prior to BP-18

# Timeline

- **September through October** – workshops to develop and evaluate alternatives.
- **November** – develop regional white paper on alternatives.
- **December** –white paper out for comments.
- **January** – BPA will share its proposed solution(s) on the seams issue.
  - If a rate proposal is chosen, there will be a discussion on whether a new rate needs to be in place before the BP-18 rates.

# Future Workshop Date Options

Month	Date Options
September 2015	9/29 (T)
October 2015	10/14 (W); 10/15 (Th.) 10/20 (T); 10/27 (T)
November 2015	11/10 (T); 11/12 (Th.) 11/17 (T); 11/18 (W)
December 2015	12/2 (W) 12/17 (Th.)
January 2016	1/13 (W) 1/21 (Th.)

# Next Steps



# Next Steps

- By September 18:
  - Provide feedback on timeline, process and criteria principles.
  - Provide feedback on proposed workshops dates.
- By October 9:
  - Provide alternative options and proposals.
- Please send all information to Rebecca Fredrickson via email: [refredrickson@bpa.gov](mailto:refredrickson@bpa.gov)