

BPA Transmission Southern Intertie Hourly Non-Firm Workshop

October 14, 2015



Agenda

- Follow-up items from September 29 workshop
- Comments on the statement of the issue
- Potential alternatives
- Next steps

September 29 Workshop Follow Up

1. How many customers do not have rollover rights that are included in the upcoming renewal timeline?
2. How many customers have had the option to renew and have renewed?

COI Renewal History

COI N>S Renewal History

Fiscal Year	TSR MWs Ending	MW Eligible for Renewal	MW Electing to Renew	MW Not Eligible for Renewal	New Offers Accepted	MWs at Risk of Non-Renewal
2011-2016	1617	1417	1309	200	474	
2017	1058	358		700	700	358
2018						0
2019	1142	1142				1142
2020	200	200				200

COI S>N Renewal History

Fiscal Year	TSR MWs Ending	MW Eligible for Renewal	MW Electing to Renew	MW Not Eligible for Renewal	New Offers Accepted	MWs at Risk of Non-Renewal
2016	71	71	0			

- In FY 2016, one customer elected to terminate its grandfathered contracts of 93 MW N>S and 71 MW S>N.
- IN FY 2016 one customer chose to renew 35 MW of 50 MW.

Remainder TSR transitions excluded

PDCI Renewal History

PDCI N>S Renewal History

Fiscal Year	TSR MWs Ending	MW Eligible for Renewal	MW Electing to Renew	MW Not Eligible for Renewal	New Offers Accepted	MWs at Risk of Non-Renewal
2011-2016	2324	2249	2199	75	394	
2017	761	461	103*	300	300	358
2018	357	357				357
2019	795	795				795
2020	440	440				440

* As of 10/07/2015 103 MWs have submitted requests for rollover

- In FY 2016, one customer chose to not rollover 50 MWs.
- Two remainder offers totaling 85 MWs were declined.

Remainder TSR transitions excluded

September 29 Workshop Follow Up (Cont.)

3. Why are there two 700 MW of BPA renewals?

- There are two 700MW BPA reservations. The first reservation has no rollover rights and terminates in 2017. The second request was submitted prior to Order 890, so it is eligible for rollover after one year of service. Since the second request was submitted prior to Order 890, it is not subject to the current Section 2.2(c) of Bonneville's OATT, which would require requests submitted after July 2007 be subject to the 5 year rule in order to be eligible for rollover rights.

4. How many requests were removed from the queue due to competitions?

- In the past year, three competitions were identified and in all three the competitor chose not to compete. This led to the removal of 200 MW from the queue. 100 MW on the DC and 100 MW on the AC. The AC MW removed were replaced with new requests by the same customer for AC service.

Comments on the Statement of the Issue



Proposed Statement of the Issue

- Customers are increasingly concerned that long-term firm transmission no longer has the value that it once had and some customers are not renewing service and are removing requests from the queue. Some customers also expressed concern that an equitable share of the economic benefits derived from markets served by the Southern Intertie remains with Northwest parties that purchase long-term service over the intertie. BPA wants to see what actions (if any) it should take to make sure long-term service remains viable and its customers receive an equitable share of the economic benefits provided by the Southern Intertie.

Comments on the Statement of the Issue

- We received several comments from customers on the issue statement. All comments are posted on the [BP-18 Customer Comments page](#).
- We are reviewing the comments and will send out a revised issue statement before the next workshop on November 18.

Potential Alternatives



Status Quo

- Do not make any changes to rates or business practices and continue to monitor the situation.

Rate Alternatives

- Eliminate HNF interruption credit, which provides a credit when the curtailment is based on FCRTS conditions
- Rate Design
 - Set rates based on historical usage
 - Adjust 80 hour per week assumption used to calculate HNF rate based on observed use of HNF
 - Similar to the proposal put forth by Powerex and PPC in BP-16
 - Set rates by adjusting the number of hours with “high value”
 - Adjust 80 hour per week assumption used to calculate HNF rate based on average number of hours per week where use of transmission has significant value

Rate Alternatives (Cont.)

- Rate Design (Cont.)
 - Set rates based on market conditions
 - Tie HNF rates to market indicators such as price spreads or congestion charges in California
 - Set rates based on the cost of expansion and then allow for discounting.
 - BPA is able to discount service under its posted rates. If the rate for HNF is set at the price of expansion, one of the other methodologies could be used to discount the rate hourly or seasonally.
 - Increase the rate and implement bidding for competition.
 - Use one of the proposed methods to raise BPA's rate, which can be discounted. Implement a system for bidding for HNF based on price.

Process for Exploring Rate Alternatives

- Rate alternatives identified in this process could be explored in the rates process with a timing difference:
 - A mini 7(i) rate process for the HNF IS rate starting in April 2016, with rates effective Oct 1, 2016
 - Propose a change to the HNF IS rate in the BP-18 rate case that would be effective Oct 1, 2017. The initial proposal would be published in November 2016.

- More complex solutions may not be able to be fully vetted and supported in a mini 7(i)

Non-Rate Alternatives

These could be explored along with or independent of a rate solution:

- **Sell HNF once**
 - Currently BPA resells the unscheduled portion of HNF reservations.
- **Do not sell HNF on the Southern Intertie**
 - Remove the HNF IS product from BPA's tariff and no longer sell HNF on the Southern Intertie
- **Implement duration competition on the Southern Intertie**
 - Allocate available HNF to customers who are willing to purchase it for the longest period of time.

Non-Rate Alternatives (Cont.)

- Change the time of the release of the HNF
- Do not continuously update the HNF inventory after the close of preschedule
 - Calculated HNF inventory would be locked in at the close of preschedule
- BPA proactively issues curtailments on the Southern Intertie prior to the interval
 - Results in BPA issuing curtailments instead of waiting until real time when the sink (primarily BAs on the Southern half of the line) would issue curtailments.

Non-Rate Alternatives (Cont.)

- Only release HNF if there is no secondary market for firm transmission
 - Develop a tool to determine if LTF owners are offering to sell their unused capacity in the resale market.
- Proactively curtail LTF during line de-rates
 - Reduce LTF rights pro-rata with line de-rates.

Collaborative Alternatives

- Work with CAISO and other BAAs to create agreements to address seams issues:
 - Scheduling practices
 - Recognizing neighboring BAA transmission priority
 - Curtailments/derates/economic displacement practices
- Work with CAISO to share congestion revenues.

Next Steps

- By Oct. 28, please send the following:
 - Comments and requests for clarification on the alternatives that were suggested by customers.
 - Your top three alternatives you would like explored, and suggestions on what analysis you would like to see performed.
 - Your bottom three alternatives that you would not support BPA implementing.

Next Steps (Cont.)

- Draft scheduling data is posted on the [BP-18 Meetings and Workshops](#) page.
 - Data will be updated as it is available.
- The Oct. 27 workshop is cancelled.
- The next meeting will be Nov. 18.
- Please continue to send all information to Rebecca Fredrickson via email:
refredrickson@bpa.gov