

## Canadian Entitlement

- **Excerpt from 6/7/2010 Written Comment from Snohomish PUD**

*Joint Power and Transmission*

One programmatic budget not identified in the IPR process is the Agency's costs associated with return of the Canadian Entitlement. Energy returned by BPA to the Canadian Entity at the BC/US border flows primarily through the Puget Sound region, heading south to north through the Interstate-5 corridor. To accomplish this return, BPA-TS must allocate firm transmission capacity for this purpose. Additionally, resources from BPA-PS must be allocated to administer the return. **Snohomish requests BPA provide the overall, disaggregated costs to administer return of the Canadian Entitlement energy<sup>1</sup> for BPA-PS and BPA-TS combined, including treatment of losses.**

- **BPA's response posted under May 10<sup>th</sup> Follow Up Items**

- Transmission does not "administer" the return of the "Canadian Entitlement energy." Transmission plans and maintains the transmission system for long-term firm commitments, and manages the transmission system in the operating horizon for reliability in conformance with applicable reliability standards and the Agency's legal obligations and commitments. Costs for managing Puget Sound Area and Northern Intertie (PSANI) obligations are Network costs, and like other Network costs involve all Transmission organizations. Such costs are not itemized separately.

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## ■ Excerpt from 7/29/2010 Written Comment from Snohomish PUD

### Canadian Entitlement

We request that BPA identify the costs and line items related to administration and implementation of the Canadian Entitlement Return (CER). Questions we have include:

- What transmission product(s) are used to deliver the CER to the Canadian border?
- Who pays the cost of this capacity?
- Where can this transmission cost be found in BPA's budget?
- Are there any other costs associated with the CER? If so, what are they, what is the dollar amount, who is responsible for payment and how are they accounted for?

## ■ BPA's 2<sup>nd</sup> response posted under May 10<sup>th</sup> Follow Up Items

- A portion of the obligation to deliver the Canadian Entitlement Return to the Canadian border is delivered under the terms of BPA's open access tariff, point-to-point service. The remainder continues to be delivered under the terms of the agency grandfathered arrangements, and is charged at point-to-point rates. The transmission costs to support such deliveries are not separately itemized and may involve all BPA Transmission programs (engineering, transmission system operations, maintenance, scheduling, marketing and business support). A portion of these transmission program costs are subsequently allocated to the Integrated Network Segment revenue requirement and are recovered through Point-to-Point (PTP), Integrated Resource (IR), Formula Power Transmission (FPT) and Network Integration (NT) rates. Transmission assesses Power Services a PTP rate for the deliveries of the Canadian Entitlement Return to the Canadian border. BPA's budget includes forecasts for such delivery costs under Power Services' Transmission Acquisition and Ancillary Services expense item as a Transmission & Ancillary Services cost.

## Cost of Providing PTP Service and Cost of Providing NT Service

### ▪ Excerpt from 7/29/2010 Written Comment from Snohomish PUD

#### Cost of Providing PTP Service and Cost of Providing NT Service

It appears that in 1996 a decision was made to set rates for PTP and NT service at the same per kilowatt-month charge. Since that time BPA's cost studies have grouped the two products together as "Network" for cost analysis purposes. Snohomish questions whether this assumption is still legitimate and ask that separate cost studies be conducted for each service. Snohomish sees two primary differences between NT and PTP service which affect the costs BPA incurs in providing firm transmission service:

- PTP customers who serve native load must plan for transmission capacity to meet future peak loads and must purchase that capacity in advance of need. BPA provides this service to native load customers with NT service.
- With regard to firm curtailments, PTP customers are responsible for finding alternate paths and paying the costs associated with dispatching resources or resupplying energy on BPA's network in the event of a curtailment. BPA provides re-dispatch and resupply for its NT customers.

For these reasons, Snohomish believes NT and PTP are two significantly different products whose rates should reflect these fundamental differences.

### ▪ BPA's Response:

- The cost allocation is a rate case issue and will be addressed in the Transmission Rates Study workshop on 9/15.