

Bonneville Power Administration: Follow-up regarding Northern California Utilities presentation

During the Northern California Utilities presentation at the July 25, 2018 workshop, a question was asked about what southern intertie “hurdle” rates Bonneville used in AURORA® to calculate the market prices for the BP-18 final rates. Bonneville typically refers to these rates as wheeling rates and not hurdle rates. Regardless, Bonneville used the base wheeling rates that are the default value provided by EPIS (developer of AURORA®), and applied carbon price adders as described in the Power Market Price Study, BP-18-FS-BPA-04, section 2.3.9. EPIS’s default values are taken from the WECC Common Case and adjusted for inflation. As used in BP-18 these values¹ were:

	PDCI	COI
Base (EPIS Default)	2.01	3.21
CO2 adder	6.22	6.22
Total	8.23	9.43

While Bonneville appreciates the Northern California Utilities’ (NCU) presentation, Bonneville has already described reasons why it disagrees with NCU’s assumptions. See Rebuttal Testimony of Conger *et al.*, BP-18-E-BPA 32, at 2-8. The same incorrect assumptions underpin NCU’s July 25th presentation and Bonneville does not agree with NCU’s modeling method or their results and conclusions. Bonneville also notes that NCU’s “validation check” is not meaningful. As NCU states, its analysis “[i]gnores seasonal variation.” Bonneville makes most of its secondary sales in the spring and summer, therefore NCU’s average Mid-C price of \$19.53 is not comparable to the average price of \$19.49 that Bonneville calculated it would receive for its secondary sales.

¹ Values are in \$/MWh, nominal and are approximate. Actual rates varied by calendar year due to changes in inflation and annual escalation of the California carbon price. See BP-18-FS-BPA-04, section 2.3.9 at 28-29.