

FOR SETTLEMENT PURPOSES ONLY

Terms of Proposed Settlement of Issues Related to Real Power Loss Return Services

BP- and TC-22 Proceedings

October 30, 2020

General Terms and Process

- “Black box” settlement that would create no precedent for future proceedings and does not imply agreement with the position of Bonneville or any party
- Bonneville would propose adoption of the settlement agreement in the BP-22 and TC-22 proceedings
- Bonneville would move the Hearing Officer to establish a deadline for any party to either proceeding to object. Any party that does not object would waive the right to object and be deemed to assent to the agreement.
- Parties that assent to the agreement would waive rights to cross-examination, data requests, testimony, and briefs on issues within the scope of settlement.

Terms for Proposed Settlement Compared to Initial Proposal

Issue	Initial Proposal	Settlement
1 Loss Factor Shape	Monthly	2 season
2 168-hour Delay Capacity Costs Allocated to Transmission Services	Transmission Services pays Power \$8.2 million (\$2.64/MWh) through an inter-business line transfer. Transmission recovers \$8.2 million via a capacity charge (\$2.64/MWh) from customers that return losses 168-hour delayed.	Transmission Services pays Power \$8.2 million (\$2.64/MWh) through an inter-business line transfer. Transmission recovers \$4.1 million via a service charge (\$1.32/MWh) from customers that return losses 168-hour delayed. Effectively funding \$4.1 million from financial reserves.
3 Financial Cost of Losses	Financial cost of losses included in FPS rate schedule with an explicit capacity cost adder of \$5.45/MWh.	Financial cost of losses included in FPS rate schedule with an generic cost adder of \$5.45/MWh.
4 Concurrent Option	BPA to start working towards a concurrent loss option that may become available during the BP-22 rate period.	No concurrent in BP-22. BPA to start working towards a concurrent loss option with the goal being to replace the in-kind 168-hour delay option with an in-kind concurrent option in BP-24.
5 Financial for Inaccuracy Penalty (FFI)	125% Energy and capacity penalty charges based on under delivery or over delivery.	No capacity penalty for default on losses. Modify the energy penalty charge to 150% (of the hourly energy index) to ensure the penalty is high enough to incentivize customers and account for removing the capacity penalty components.
6 Election period	Not addressed in initial proposal – change to be made in business practice	Agreement to set elections to once each fiscal year to be reflected by revising the Real Power Losses Business Practice.

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Monthly Network Loss Factor <i>Initial Proposal</i>	
Period	Loss Factors (%)
January 1, 12:00am PPT to February 1, 12:00am PPT	2.05 percent of kWh delivered
February 1, 12:00am PPT to March 1, 12:00am PPT	2.03 percent of kWh delivered
March 1, 12:00am PPT to April 1, 12:00am PPT	1.93 percent of kWh delivered
April 1, 12:00am PPT to May 1, 12:00am PPT	1.98 percent of kWh delivered
May 1, 12:00am PPT to June 1, 12:00am PPT	1.97 percent of kWh delivered
June 1, 12:00am PPT to July 1, 12:00am PPT	2.32 percent of kWh delivered
July 1, 12:00am PPT to August 1, 12:00am PPT	2.34 percent of kWh delivered
August 1, 12:00am PPT to September 1, 12:00am PPT	2.26 percent of kWh delivered
September 1, 12:00am PPT to October 1, 12:00am PPT	1.92 percent of kWh delivered
October 1, 12:00am PPT to November 1, 12:00am PPT	1.84 percent of kWh delivered
November 1, 12:00am PPT to December 1, 12:00am PPT	1.83 percent of kWh delivered
December 1, 12:00am PPT to January 1, 12:00am PPT	1.93 percent of kWh delivered

Seasonal Network Loss Factor <i>Settlement Proposal</i>		
Season		Loss Factors (%)
Non-Summer	September 1, 12:00am PPT to June 1, 12:00am PPT	1.94 percent of kWh delivered
Summer	June 1, 12:00am PPT to September 1, 12:00am PPT	2.31 percent of kWh delivered