



PR 17 13

**BONNEVILLE POWER ADMINISTRATION
FOR IMMEDIATE RELEASE**

Tuesday, April 16, 2013

CONTACT: Doug Johnson, 503-230-5840 or
503-230-5131

BPA revises oversupply rate proposal

Costs to be assigned to those using transmission during oversupply events

Portland, Ore. – In consideration of the Federal Energy Regulatory Commission’s December 2012 ruling in which the Commission offered guidance on cost allocation, the Bonneville Power Administration has refined its oversupply rate proposal. Under the revised proposal, the costs of oversupply are allocated to customers using the transmission system during periods of oversupply. Under this proposed framework, each of the users, including BPA Power Services, bears its proportionate share of the costs based on its level of use.

"This framework helps move us forward," said BPA Administrator Bill Drummond. "Our efforts to have a final proposed rate by late August are on schedule."

Because BPA cannot recover any costs until the Commission has approved a rate, BPA is proposing that the oversupply rate be in effect from March 31, 2012, through Sept. 20, 2015, to recover costs already incurred as well as future costs for the period the new rate would be in effect.

In March, BPA modified its analysis for estimating the likelihood of oversupply conditions and conducted an updated analysis for 2013. For this year, BPA projects a 50 percent probability of oversupply conditions leading to displacement under OMP, compared to a 65 percent probability in the 2012 study. If the protocol is needed, BPA projects the midpoint of the range of possible costs to be approximately \$10 million, but under extreme conditions costs could exceed \$50 million, depending on the timing of the spring runoff.

Conditions can quickly change. BPA will continue to monitor forecasts throughout the spring and will manage oversupply conditions with the most operationally feasible and cost-effective means available. Even with lower streamflows, rapid snowmelt can cause oversupply conditions.

In March 2012, BPA filed the original Oversupply Management Protocol with FERC as Attachment P to its Open Access Transmission Tariff. In that filing, BPA proposed to allocate oversupply costs equally between power customers and generators that elect compensation under the OMP. In December 2012, FERC issued a ruling conditionally accepting the OMP contingent upon BPA's submitting a different cost allocation methodology within 90 days of the ruling.

Early this year, BPA requested a stay of that order so that it could finish its oversupply rate case, now scheduled to conclude in August, before submitting a cost allocation proposal. FERC accepted this request. On April 12, BPA released a new rate proposal and is seeking comment.

The general public (participants, as opposed to formal parties to the rate case) may submit comments until May 22, 2013.

The rate-setting process will end with the administrator making a decision based on the record developed in the case. BPA expects to issue a final record of decision on August 28, 2013.

In 2011, BPA displaced approximately 97,500 megawatt-hours of generation with energy from the hydroelectric system. BPA's policy at that time, called Environmental Redispatch, did not include a mechanism to reimburse generators for the cost of displacement. In 2012, the OMP replaced Environmental Redispatch, and BPA displaced approximately 47,000 MWh of generation with energy from the hydroelectric system at a cost of \$2.7 million.

BPA is a nonprofit federal agency that markets renewable hydropower from federal Columbia River dams, operates three-quarters of high-voltage transmission lines in the Northwest and funds one of the largest wildlife protection and restoration programs in the world. BPA and its partners have also saved enough electricity through energy efficiency projects to power four large American cities. For more information, contact us at 503-230-5131 or visit our website at www.bpa.gov.