

BONNEVILLE POWER AGENCY

Transmission Business Model

Pro Forma/Industry Standard Gap Analysis:
Real Power Losses

Hourly Firm

- Address Hourly Firm Product. It sends the wrong price/congestion signals, requires high coordination and undercuts/denies curtailment priorities with all other N2/FP products

Ancillary Services

- State FERC language in the Tariff for Schedule 9
- Tariff Schedule 9 does not include Generator Inhibition
- BPA includes VERBS and DERBS as it specify charges in rate schedule

Losses

- BPA processes more in kind returns than financial
- BPA uses custom IT system and unique processes to accomplish loss returns (payback 168 hours after flow, tracking to kWh level)

September 20, 2017

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BPA Direction: Real Power Losses

First

- Explore loss calculation methodology
- Explore financial only settled losses
- Explore concurrent losses

Next

- Determine industry best practices
- Identify automated software solutions

Last

- Implement policy changes/ business procedures

Resolving These Losses Gaps

- BPA processes more in kind returns than financial
- BPA uses custom IT system and unique processes to accomplish loss returns (payback 168 hours after flow, tracking to kWh level)

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Explore Calculating Losses Methodology

9/20/17 | FY 2022

Steps

- Decide how granular the loss factors should be: Seasonal? Daily?
- Identify the data needed to calculate the loss factors at the desired granularity
- Determine how often should the loss factors be updated?
- Evaluate tariff / business practice change

Objective

More accurate reflection of losses calculation and cost

Implementation Considerations

- Data Quality
- Real-time, Daily, Seasonal
- Cost uncertainty for customers
- Operational data to be used for the calculation of in-kind and financial losses

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Explore Financial only Settled Losses

9/20/17 | FY 2022

Steps

- Reevaluate loss payback rates
- Transition plan for non-standard OATT contractual provisions
- Planning for load service to account for absence of in-kind returns
- Tariff, rate case requirements and business practice

Eliminate In-kind Loss Returns

Objective

Reduce complexity for managing losses

Implementation Considerations

- SLICE returns will remain
- Pricing model and cost recovery issues
- Transition planning
- Legacy Contracts

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Explore Concurrent Losses

9/20/17 | FY 2022

Steps

- Customer outreach and benchmarking
- Costs associated with Concurrent Loss returns
- Planning for load service to account for addition of concurrent returns
- Tariff, rate case requirements and business practice

Methodology / Technology evaluation

Objective

Provide customers with options for loss returns

Implementation Considerations

- Legacy contracts
- Tagging software protocols & procedures
- Cost & Complexity of changing loss return practices
- Loss would have to be calculated in whole MWh
- Use operational data would be used for financial and concurrent losses

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Tell us how it would add value to your organization to have BPA provide a more accurate reflection of losses calculation and cost ?

6

Would BPA changing to Financially only losses reduce complexity for managing losses for your organization?

7

Would concurrent losses be a viable option for returning losses for your organization?

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