



## Transmission Services

---

### Request for Interest in Modification or Termination of Existing NOS PTSAs

**Framing the issue:** On July 20, 2011, BPA hosted a public workshop to discuss potential modifications to its Network Open Season (NOS) and Generation Interconnection (GI) processes. One important topic discussed at the meeting was customer interest in vacating (terminating) Precedent Transmission Service Agreements (PTSA) executed in NOS 2008, 2009 and/or 2010. Alternatively, some customers may be interested in modifying the terms of requested service, i.e. revising the requested capacity demand (MW), service commencement date, or service termination date.

**Background information:** When BPA established the framework for NOS it took on certain risks associated with planning, designing and constructing transmission facilities needed to provide requested transmission service, while participating customers undertook the commitment to take and pay for the full capacity of requested service for its full duration to help BPA recover the costs of building such transmission facilities. This fundamental principal will need to be kept in mind as BPA evaluates whether to allow NOS participants to terminate or modify their PTSAs. Allowing modification or termination of existing PTSAs could reduce the revenue stream that BPA assumed to justify its decision to move forward at rolled-in rates with certain NOS projects, including McNary-John Day, Big Eddy-Knight, I-5 Corridor, Central Ferry-Lower Monumental, Northern Intertie Reinforcements, and Colstrip Upgrade-West. If BPA cannot expect to receive the revenues it assumed to move forward with these projects, it could result in greater upward pressure on network transmission rates than assumed in BPA's previous analyses or could suggest that BPA should re-evaluate the demand for some or all of these projects. These impacts could be significant.

**What BPA is asking:** BPA is requesting feedback from all customers holding PTSAs, and from any other interested stakeholders in order to evaluate the risks, impacts and benefits of allowing PTSA modifications or terminations.

BPA will use gathered information to run impact scenarios to determine potential impacts resulting from allowing PTSA modifications or terminations and to gauge the overall level of interest in allowing (or not allowing) PTSA modifications or terminations.

BPA has not made any decisions regarding whether, or under what conditions, it may allow such PTSA modifications or terminations. This request for information is not binding and does not create a commitment to move forward with PTSA modifications or terminations.

Please be as specific as possible in responding to the questions that follow. Your feedback is critical to enable BPA to evaluate whether it will proceed with allowing PTSA modifications or terminations, and if so, how to effectively develop a structure under which to do so.

**Providing feedback:** Please submit written responses by email to <mailto:techforum@bpa.gov> no later than August 10, 2011. Because of the business-sensitive nature of potential responses to this inquiry, BPA will not post individual customer or stakeholder responses to this inquiry and will endeavor to treat any individual customer information that is provided as confidential. However, we may compile information in aggregate to demonstrate cumulative impacts from allowing PTSA modifications or terminations.

If you have any questions, please feel free to contact Eric Carter at (360) 619-6006 or Tammie Vincent at (360) 619-6448. Thank you.



## Transmission Services

### Issues to address:

1. Should BPA allow customers to modify or terminate their 2008, 2009 and/or 2010 PTSA(s)? Why or why not? How would allowing PTSA modifications or terminations affect you?
2. If BPA were to allow PTSA modifications or terminations, would you be interested in modifying or terminating your PTSA(s)? Please be specific by referencing the PTSA(s) or associated Transmission Service Request(s) (TSR) by number.
3. What underlying factors or circumstances, if any, should BPA consider when allowing PTSA modifications or terminations? Should BPA evaluate the legitimacy of a customer's asserted "need" to modify or terminate their PTSA(s)? Or, should all PTSA holders automatically be entitled to seek PTSA modifications or terminations regardless of their reasons for requesting such changes?
4. Should BPA allow customer to modify the TSR details related to a PTSA? E.g. The Service Commencement Date? The Service Termination Date? The duration of requested service? The demand (MW capacity) of requested service? Other aspects of the TSR? Please be specific by referencing the applicable PTSA(s) or associated TSR by number.
5. If BPA does not allow PTSA modifications or terminations, do you anticipate deferring service under OATT section 17.7 (Extensions for Commencement of Service) once BPA offers a Transmission Service Agreement for a specific PTSA(s)? How many years do you anticipate deferring the service commencement date? Again, please be specific by referencing the applicable PTSA(s) or associated TSR by number.
6. If you desire to terminate a PTSA, should BPA act as a facilitator to attempt to pair you with others in the Transmission Queue that may be interested in using the released service, i.e. should BPA help facilitate an OASIS transfer of service to another eligible Transmission Customer? Or, should BPA require that entities desiring to terminate a PTSA find a third party to assume their obligations?
7. Can you provide any additional information that may impact your ability to take service as requested, or to request a PTSA modification or termination? For example, is a PTSA associated with construction of facilities needed to interconnect generation that may not be constructed in time for the requested transmission service commencement date? Again, please be specific as to the applicable PTSA number(s) and the associated GI queue number.
8. Should a customer forfeit its Performance Assurance, in whole or in part, in exchange for being released from a PTSA? Is it reasonable for BPA to seek compensation up to a customer's pro-rata share of costs related to the PTSA, such as NEPA study costs, planning study costs, design and construction costs, etc., as a condition of PTSA termination or modification? If BPA must re-run studies as a result of modified or terminated PTSAs, should the PTSA-holder be required to pay resulting costs in order to terminate or modify their PTSA? Should BPA charge an additional cost or penalty to "buy out" of a PTSA?



## Transmission Services

9. Are there any circumstances under which BPA should not agree to PTSA modification or termination, or limit such changes?
10. Is there a point in time after which BPA should not consider allowing PTSA modifications or terminations? Should the ability to modify or terminate PTSAs depend upon the status of, or impacts to, other NOS transmission projects that would be affected by the PTSA modification or termination? E.g. should BPA not allow modifications or terminations associated with NOS transmission projects after issuing the Record of Decision for a project? After the start of construction? At what point is it too late for a customer to reasonably be released from a PTSA?
11. Should BPA entertain PTSA modifications or terminations after a customer has deferred commencement of service under OATT 17.7?
12. How much change in rate pressure resulting from PTSA modifications or terminations is acceptable? Does the acceptable amount of upward rate pressure vary depending upon whether the final estimated rate impact for proposed transmission builds is still negative or becomes positive? If so, please describe.
13. Are there thresholds for NOS builds above which BPA should not allow changes to PTSA commitments? Should BPA put a limitation on the total amount of PTSA capacity (MW) that can be terminated related to specific projects or transmission paths? E.g. If the modification or termination may result in upward rate pressure or significant decreased transmission revenue? If modification or termination may result in impacts to the viability of other NOS builds? If it impacts other customers (in what way)?
14. If rate impact, transmission revenue or other thresholds suggest limiting the amount of allowable PTSA modifications or terminations, how should BPA allocate the permissible PTSA modifications or terminations among interested PTSA holders? By pro-rata allocation? By conducting a "lottery" for the available capacity that can be terminated? By another mechanism? (Please make a suggestion.)
15. Should BPA run an "open season" to allow customers to "opt-in" to PTSA termination to allow it to determine the maximum amount of potential participation before making decisions regarding PTSA modification or termination? E.g. Should BPA announce an opening and closing date for PTSA holders to indicate which PTSA(s) they desire to terminate or modify.
16. Are regional interests promoted by allowing PTSA termination or modification?
17. Are there any other factors or issues that BPA should consider as it evaluates whether to allow customers to terminate or modify existing PTSAs?
18. Should BPA require customers to withdraw associated Generation Interconnection requests if they are allowed to terminate PTSAs?