



Transmission Credits for Non-GI Network Upgrades, Version 2

Effective: 07/17/09

This Business Practice describes the handling of credits earned by the **Funding Customer**¹ for advance funding the costs of non-Generation Interconnection Network Upgrades. This Business Practice includes scenarios illustrating the rate at which **Transmission Credits**² will be repaid should BPA Transmission Services require the Transmission Customers to finance the cost of constructing Network Upgrades.

¹The Transmission Customer that provides advance funding for the Network Upgrades and is eligible for Transmission Credits.

²The credits earned by the Funding Customer for advance funding the costs of Network Upgrades.

A. Transmission Credit Balance

1. The principal portion of the Transmission Credit balance consists of the total funds advanced by the Funding Customer to BPA Transmission Services for the construction of Network Upgrades.
2. BPA Transmission Services will adjust the Funding Customer's Transmission Credit balance based upon the final cost of the Network Upgrades within six months following the completion of the construction of Network Upgrades.
 - a. If the actual cost of the Network Upgrades is less than the funds advanced by the Funding Customer, BPA Transmission Services will refund the unspent portion to the Funding Customer plus interest that has accrued on the unspent funds within 30 calendar days following the final cost adjustment.
 - b. If the actual cost of the Network Upgrades exceeds the funds advanced by the Funding Customer, BPA Transmission Services will invoice the Funding Customer for the remaining amount within 30 calendar days following the final cost adjustment. These additional funds will be added to the Funding Customer's Transmission Credit balance.
3. Interest accrues on all funds advanced for the construction of Network Upgrades at the rate for 10 year bonds as posted on Bloomberg, L.P. under the United States Government Agency fair market yield curve (yield curve number 84) in effect on the first date of the month during which BPA Transmission Services receives the first payment (Interest Rate).
 - a. The rate will remain fixed at the Interest Rate until the Funding Customer has been repaid in full for all funds advanced for the Network Upgrades.

B. Application of Transmission Credits

1. Subject to the limitation in Item 3 below, Transmission Credits will be applied to the Funding Customer's transmission bills for all incremental Long-Term Firm Point-to-Point (PTP) and Network Integration (NT) Transmission Service, using the advance funded facilities, commence on the later of i) the energization date of the Network Upgrades; or ii) the Service Commencement Date of the Transmission Service enabled by the Network Upgrades. Transmission Credits earned per this Business Practice will not be applied against redirected existing Transmission Service or Non-Firm Transmission Service using advance funded facilities.
2. Transmission Credits will be applied toward charges for NT or PTP Transmission Service, excluding Ancillary Services, on a dollar-for-dollar basis at the applicable transmission rates in effect when Transmission Service is taken.

3. Transmission Credits will be applied to the incremental NT or PTP transmission charges using the advance funded Network Upgrades. Transmission Credits may not be applied to Redirected, Short-Term Firm, or Non-Firm Transmission Service.
4. Interest will continue to accrue on a monthly basis on the remaining portion of the Transmission Credit balance until such time that the Funding Customer has been repaid in full for all funds advanced to BPA Transmission Services for the construction of Network Upgrades.
5. If a Transmission Credit balance remains at the end date of the Transmission Service reservation enabled by the Network Upgrades, the Funding Customer must request continuation of service pursuant to OATT Section 2.2 in order to continue receiving Transmission Credits.
 - a. If a Transmission Credit balance remains at the end of the Transmission Service reservation, and the Funding Customer fails to request follow-on service, the Funding Customer shall forfeit the remaining Transmission Credit balance to BPA.
 - b. Requests by the Funding Customer for follow-on service are subject to competition for contract term length.
 - i. If the Funding Customer fails to match the contract term of the competing request, then, upon receipt of sufficient funds from the Eligible Customer¹ that submitted the competing request, BPA will refund to the Funding Customer a percentage of the Funding Customer's remaining Transmission Credit balance equal to the percentage of the Funding Customer's Reserved Capacity¹ released to the Eligible Customer.
 - ii. If, immediately upon the expiration of the reservation, the Funding Customer takes follow-on service that uses all or part of the remaining Reserved Capacity, BPA Transmission Services will apply the remaining Transmission Credit balance, if any, to charges for such Transmission Service
 - iii. If the Funding Customer fails to take such follow-on Transmission Service immediately upon the expiration of the reservation, the Funding Customer shall forfeit the remaining Transmission Credit balance to BPA.
 - iv. BPA Transmission Services will refund the appropriate Transmission Credit balance to the Funding Customer no later than 60 days after receipt of sufficient funds from the Eligible Customer.
 - c. BPA Transmission Services will release Reserved Capacity to the Eligible Customer that made a competing request that the Funding Customer failed to match only if the Eligible Customer pays BPA a percentage of the Funding Customer's remaining

¹Any customer taking service under Use of Facilities (UFT), Formula Power Transmission (FPT), Integration of Resources (IR), Part II or Part III of the OATT.

Transmission Credit balance equal to the percentage of the Funding Customer's Reserved Capacity released to the Eligible Customer. BPA Transmission Services will calculate this amount as follows:

- i. Funding Customer's estimated remaining credit balance as of the service end date of the existing contract for transmission service - related Network Upgrades) X (Reserved Capacity released/Reserved Capacity originally enabled by Network Upgrades).
- ii. After the Reserved Capacity is released to the Eligible Customer, the terms of this Business Practice that apply to the Funding Customer shall apply to the Eligible Customer.

C. Assignments of Transmission Credits

1. If a PTP Customer conducts a Transfer of all or a portion of the Transmission Service capacity using the Network Upgrades, it can also elect to assign its Transmission Credits, or a portion thereof, to the assignee.
 - a. In order for a PTP Customer to assign its Transmission Credits to another Customer, it must provide its BPA Transmission Services Account Executive with written notification at least 60 calendar days prior to the effective date of the assignment which must include the following information:
 - i. Written authorization consenting to the assignment of the right to receive the Transmission Credits signed by both the PTP Customer and Assignee¹.
 - ii. The portion of the Transmission Credit balance assigned to the assignee(s).
 - iii. The effective date of the assignment, which must occur on the first day of a calendar month.
 - b. Should an assignee conduct a Transfer of the Transmission Service reservation enabled by the Network Upgrades to subsequent assignee(s), any assignment of Transmission Credits associated with this Transfer shall be subject to Application of Transmission Credits, Item 5.
 - c. If a PTP Customer conducts a Transfer of the Transmission Service reservation enabled by the Network Upgrade but elects not to assign its Transmission Credits, the Transmission Credits cannot be used to offset other charges on that PTP Customer's bill.

D. Eligible Services

1. The table below lists the specific scenarios in which BPA Transmission Services requires the Transmission Customers to finance the cost of constructing Network Upgrades, if it is determined that facilities are needed, and the rate at which Transmission Credits will be repaid:

Network Upgrade needed to:	Rate of Transmission Credit Repayment
Accommodate a long-term PTP service request on the Network, Southern Intertie	Transmission Credits will be applied to charges associated with the incremental amount of Transmission Service that uses the Network Upgrade.

¹An Eligible Customer with an executed Point-to-Point (PTP) Transmission Service Agreement (TSA) that receives PTP Transmission Service rights and obligations from a Reseller either through a Resale or an OASIS Transfer.

Network Upgrade needed to:	Rate of Transmission Credit Repayment
or Montana Intertie	
Add a new NT Customer ¹	Transmission Credits will be applied to the entire NT Base and Load Shaping Charges.
Accommodate new Network Load for an existing NT Customer	Transmission Credits will be applied to the NT Base and Load Shaping charges based on a ratio of a forecast of the new load over a forecast of total load.
Provide transmission service for a new Network Resource	Transmission Credits will be applied to NT Base and Load Shaping charges based on a ratio of a NT Customer's MW share of the new Network Resource as listed in their NT Service Agreement over their maximum Network Load on the hour of the Monthly Transmission Peak Load during the past 12 months, including the month in which the Transmission Credit is applied.
Accommodate NT load growth due to a single, large load	Transmission Credits will be applied to the NT Base and Load Shaping charges based on a ratio of a forecast of the incremental load over a forecast of total load.

E. Additional Information

Policy References

- [OATT](#): Section 2.2, 23, 27

Related Business Practices

- Line & Load Interconnection Procedure
- Transmission Credits - Generator Large

Forms

- [Assignment of Transmission Credits](#)

Version History

Version 2	07/17/09 Version 2 of the Transmission Credits for Non-GI Network Upgrades removes the posting of the interest rate by Transmission Services, step 3.3.2.
-----------	---

¹An entity receiving transmission service under Part III of the OATT.

Version 1	11/30/07, V1 Changed the title of this Business Practice from Transmission Credits for Incremental Transmission Service to Transmission Credits for Non-GI Network Upgrades. Clarified in Steps 4.1 and 4.3 that Transmission Credits earned under this Business Practice will not be applied against redirected existing Transmission Service and non-firm Transmission Service using the advance funded facilities will not be applied to the funding customer's bill. Inserted a calculation that Transmission Services will use to calculate the release of Reserved Capacity.
-----------	--

¹Reserved Capacity has the meaning given in the OATT, except that it is limited to capacity for Transmission Service using the Network Upgrades.