

Transmission Credits for Non-GI Network Upgrades, Version 3

Effective: 07/1731/0915

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

Additional information regarding the need for advance funding of Network Upgrades may be found in the Line and Load Interconnection Procedures Business Practice.

Version 3 of the business practice provides the following changes:

- Adds a 20 year term of credit repayment in section A3;
- Clarifies the application of credits for PTP Service in section B1.
- Clarifies the application of credits for NT Service in section B2.
- Removes provisions related to service subject to competition for contract term length.

A. Transmission Credit Balance

1. ~~The principal portion of T~~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 Accrual

- a. Interest will 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 or the 20 year term of repayment has expired.
- a-b. 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 84Bloomberg BVAL curve denominated "USD Government Agency BVAL Curve" and identified by ID BS131), or its successor curve in effect on the first date of the month during which BPA Transmission Services receives the first payment (Interest Rate).

- c. The interest rate will remain fixed over the 20-year repayment term at the Interest Rate until the Funding Customer has been repaid in full or the term of repayment has expired for all funds advanced for the Network Upgrades.

B. Repayment Application of Transmission Credits

1. Term of Transmission Credits Repayment

The funding Customer is eligible to receive transmission credits for up to 20 years from the date the facilities are energized. If a Transmission Credit balance remains at the end of the 20 year term of repayment, the funds will be forfeited to BPA.

2. Application of Transmission Credits for Point-to-Point (PTP) Transmission Service

a. Subject to the limitation in Item 3 below, Transmission Credits will be applied apply to the Funding Customer's transmission bills for all new incremental Long-Term, short-term, and non-firm Firm Point-to-Point (PTP) and Network Integration (NT) Transmission Service, with a POD/sink 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.

b. The term of transmission credit repayment will commence upon the energization date of the Network Upgrades.

c. Transmission Credits will not be applied to the Funding Customer's transmission bills for Redirected Transmission Service using the advance funded facilities.

a.d. Transmission Credits will be applied toward charges for NT or eligible PTP Transmission Service, excluding Ancillary Services and after the application of the short distance discount, on a dollar-for-dollar basis at the applicable transmission rates in effect during the current business cycle when Transmission Service is taken.

2. Application of Transmission Credits for Network Integration Transmission Service (NT Service)

a. Transmission Credits will apply to the Funding Customer's transmission bills based on the metered demand at the POD for the new Network Upgrades. BPA Transmission Service will determine the metered demand using the meter(s) dedicated for the purpose of the transmission credit repayment, to commence upon the energization date of the Network Upgrades.

b. Transmission Credits will not be applied to the metered demand for Preexisting network load relocated to utilize the advance funded facilities will not be eligible for transmission credits.

Transmission Credits will be applied toward charges for NT Service, excluding Ancillary Services and after the application of the short distance discount (if eligible) on a dollar-for-dollar basis using the Network Integration rate billing factor in effect during the current billing cycle. 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.

- ~~a. 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.~~
- ~~b. 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.~~
- ~~c. 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.~~
- ~~d. Requests by the Funding Customer for follow on service are subject to competition for contract term length.~~
- ~~e. If the Funding Customer fails to match the contract term of the competing request, then, upon receipt of sufficient funds from the Eligible Customer 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.~~
- ~~f. 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~~
- ~~g. 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.~~
- ~~h. 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.~~
- ~~i. 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 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:~~
- ~~j. 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.~~
- ~~k.c. 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 Assignee.
 - 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, [Section B](#).
- 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 ~~provide advance financing for 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 or Montana Intertie	Transmission Credits will be applied to charges associated with the incremental amount of Transmission Service that uses the Network Upgrade.
Add a new NT Customer	Transmission Credits will be applied to the entire-NT charges in accordance with section B.2. Base and Load Shaping Charges.
Accommodate new Network Load for an existing NT Customer	Transmission Credits will be applied to the NT charges in accordance with section B.2. 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 charges in accordance with section B.2. 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 3	3/24/15 KMB/TSPP <ul style="list-style-type: none">○ Adds 20 year term of repayment for both NT and PTP Customers. The Term of Repayment start date is the energization date for the new transmission facilities.○ Allows Transmission Credits for PTP Customers to apply to all new incremental long-term, short-term, and non-firm PTP service.○ Eliminates language related to preemption and competition.
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.
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.