

# **Transmission Credits for Non- Generation Interconnection Network Upgrades**

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## **BPA Transmission Business Practice**

Version 4

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## Version 4

This business practice describes the calculation and repayment of Transmission Credits earned by the Funding Customer for advance funding non-generation interconnection Network Upgrades.

Additional information regarding the need for advance funding of Network Upgrades may be found in the [Line and Load Interconnection Procedures \(LLIP\) webpage](#).

For more information, visit the [BPA Transmission Business Practices webpage](#) or submit questions to [techforum@bpa.gov](mailto:techforum@bpa.gov).

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### A. Transmission Credit Balance

1. The Transmission Credit balance consists of the total funds advanced by the Funding Customer to BPA for the construction of Network Upgrades.
2. BPA will adjust the Funding Customer's Transmission Credit balance based upon the final cost of the Network Upgrades within six (6) 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 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 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.

- 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 (Bloomberg 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 receives the first payment.
- c. The interest rate will remain fixed over the 20-year repayment term until the Funding Customer has been repaid in full or the term of repayment has expired.

## **B. Repayment of Transmission Credits**

1. Term of Transmission Credits repayment:
  - a. 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. Transmission Credits will apply to the Funding Customer's transmission bills for all new incremental long-term, short-term, and non-firm (PTP) Transmission Service, with a POD/sink using the 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.
  - d. Transmission Credits will be applied toward charges for 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.
3. Application of Transmission Credits for Network Integration (NT) 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 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. BPA will continue to review, either independently or at the request of the Customer but in no case less than once every three (3) years, the appropriate metering arrangements for the calculation of Transmission Credits repayment over the repayment period recognizing that additional loads, including general Load Growth, may qualify for Transmission Credits repayment.
  - b. Transmission Credits will not be applied to the metered demand for preexisting Network Load relocated to utilize the advance funded facilities.
  - c. 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 NT Service rate Billing Factor in effect during the current billing cycle.

## C. Assignment 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 complete and submit the [Assignment of Transmission Credits form](#) to its assigned BPA Transmission 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 the application of Transmission Credits identified in 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 requires Customers to provide advance financing for 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 TSR 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 NT charges in accordance with Section B.3.
Accommodate New Network Load for an existing NT Customer	Transmission Credits will be applied to the NT charges in accordance with Section B.3.
Provide transmission service for a new Network Resource	Transmission Credits will be applied to NT 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	Transmission Credits will be applied to the NT charges in accordance with Section B.3.