

## ISSUE PAPER

### NT CUSTOMER-SERVED LOAD

#### **Background**

TBL's current rate for Network Integration Transmission service and the TBL's OATT include a concept called Customer Served Load. Customer-Served Load (CSL) has been in TBL's Network rate and tariff since FERC Network service was first adopted in 1996. It was developed as a way to equalize possible inequities caused when customers moved from Legacy contracts to NT service. CSL allows the NT customer to designate a portion of its Network Load as not being served by the NT contract, because the load is served by internal generation, non-Federal transmission facilities or other TBL transmission contracts.

The level of Declared CSL is quantified in the NT Service Agreement. In order to receive a rate credit for the CSL, the customer must provide 60% of the HLH MWH's stated in the Declared CSL. The Base Charge billing determinant is reduced by the CSL. To avoid a penalty charge the customer must supply all the CSL on the hour of the monthly Transmission System peak. In any case the customer pays the Load Shaping Charge on its total Network Load.

The CSL provisions were adopted in the 1996 rate and tariff settlement to avoid two potential problems. BPA's historical wheeling agreements with the IOUs and large generating publics had always been on a contract demand basis, so that they were charged only for the non-Federal resources that used the FCRTS. With the advent of the OATT and NT service, it was thought that some of these customers, particularly some generating publics, might want to combine the wheeling for non-Federal resources with the transmission for their PBL purchases into an NT agreement. If the NT billing determinant was strictly "gross load," that would be a large rate increase for those customers with internal generation.

In addition, the FERC pro forma tariff (section 30.9) allows for a credit for the costs of the customer's transmission facilities that are integrated with the Transmission Provider's. We were concerned that that provision would be difficult to apply and could conceivably add significantly to TBL's costs. The CSL provision was adopted so that customers would receive credit for transmission that integrated local resources on a load served basis rather than a cost of transmission basis.

#### **FERC Developments**

Since the 1996 TBL Rate Settlement, FERC has taken two actions that call into question the CSL design. In Order 888, FERC stated that an NT customer could exclude some of its load from the Network Load served under an NT contract, but that at each POD, all the load must be included in Network Load or excluded from Network Load. TBL included this provision in its Network Load definition in 2001. So currently, a TBL NT customer can exclude the entire load at a POD from its Network Load. That load is not charged the Base or Load Shaping Charge in the NT rate schedule. The customer can

also designate a portion of its Network Load as CSL without excluding an entire POD, and reduce the Base Charge billing determinant.

In addition there has been a FERC ruling where FERC denied an NT customer (PBL) request for a credit in a CSL type situation for its NT service with Idaho Power. FERC called PBL's argument that it should receive a credit for local generation a "collateral attack on Order 888." FERC has never explicitly considered TBL's customer served load provisions, because they have always been supported by settlements and have never been challenged.

### **Other CSL Concerns**

The CSL rate schedule provisions are complicated and difficult for billing to administer. Monitoring the CSL status of internal generators is particularly complicated in a situation where the NT customer is making surplus power sales from its "System."

Elimination of CSL would increase TBL's obligation to serve NT customers. In some cases, there may not be sufficient ATC to serve the customer's entire Network Load.

### **Current CSL Levels**

Currently, 8 NT customers have CSL identified in their Service Agreements. The Total CSL is 342 MW. Elimination of CSL would increase revenues from the current NT rate by \$4.2M.

### **Options**

1. Retain CSL in its current form.
2. Eliminate the credit for CSL in the NT rate schedule. The only NT Billing Determinant would be the Network load.
3. Phase out CSL. Retain the CSL provision in the NT rate schedule, but limit CSL to the amounts and resources/contracts listed in the current Service Agreements. Announce the intention to eliminate the CSL rate credit completely on October 1, 2011.

TBL Recommendation: Option 3

### **Attachments**

1. NT-04 Rate Schedule
2. NT Customers with CSL
3. TBL OATT CSL Provision
4. NT/CSL Discussion in 1996 ROD
5. FERC PBL/IPC Order

**Attachment 1****SCHEDULE NT-04  
NETWORK INTEGRATION RATE****SECTION I. AVAILABILITY**

This schedule supersedes Schedule NT-02. It is available to Transmission Customers taking Network Integration Transmission (NT) Service over Federal Columbia River Transmission System Network and Delivery facilities. Terms and conditions of service are specified in the Open Access Transmission Tariff. This schedule is available also for transmission service of a similar nature that may be ordered by the Federal Energy Regulatory Commission (FERC) pursuant to sections 211 and 212 of the Federal Power Act (16 U.S.C. §§824j and 824k). Service under this schedule is subject to BPA-TBL's General Rate Schedule Provisions (GRSPs).

**SECTION II. RATES**

The monthly charge will be the sum of A and B.

**A. BASE CHARGE**

\$1.028 per kilowatt per month

**B. LOAD SHAPING CHARGE**

\$0.425 per kilowatt per month

**SECTION III. BILLING FACTORS****A. BASE CHARGE**

1. If no Declared Customer-Served Load (CSL) is specified in the customer's NT Service Agreement, the monthly Billing Factor for the Base Charge specified in section II.A shall be the customer's Network Load on the hour of the Monthly Transmission Peak Load.
2. If an amount of Declared CSL is specified in the customer's NT Service Agreement, the monthly Billing Factor for the Base Charge specified in section II.A shall be a or b:
  - a. For the billing month, if the sum of the Actual CSLs occurring during Heavy Load Hours (HLH) is greater than or equal to 60 percent of the Declared CSL multiplied by the number of HLHs in the billing month, the monthly Billing Factor shall be the

customer's Network Load on the hour of the Monthly Transmission Peak Load, less Declared CSL.

- b.** For the billing month, if the sum of the Actual CSLs occurring during HLH is less than 60 percent of the Declared CSL multiplied by the number of HLHs in the billing month, the monthly Billing Factor shall be the customer's Network Load on the hour of the Monthly Transmission Peak Load. The Billing Factor will be reduced by any megawatts charged the NT Unauthorized Increase Charge under section IV.F. for the month.

Where:

“Declared Customer-Served Load (CSL)” is the monthly amount in megawatts of the Transmission Customer's Network Load that the Transmission Customer elects to serve on a firm basis from sources internal to its system or over non-Federal transmission facilities or pursuant to contracts other than the Network Integration Service Agreement. The customer's Declared CSL is contractually specified for each month.

“Actual Customer-Served Load (CSL)” is the actual hourly amount in megawatts of the Network Load that the customer serves on a firm basis from sources internal to its system or over non-Federal transmission facilities or pursuant to contracts other than the Network Integration Service Agreement.

**B. LOAD SHAPING CHARGE**

The monthly Billing Factor for the Load Shaping Charge specified in section II.B shall be the Network Load on the hour of the Monthly Transmission Peak Load.

**SECTION IV. ADJUSTMENTS, CHARGES, AND OTHER RATE PROVISIONS**

**A. ANCILLARY SERVICES**

Customers taking service under this rate schedule are subject to the ACS Scheduling, System Control and Dispatch Service Rate and the Reactive Supply and Voltage Control from Generation Sources Service Rate. Other Ancillary Services that are required to support NT Service are also available under the ACS rate schedule.

**B. DELIVERY CHARGE**

Customers taking NT Service over Delivery facilities are subject to the Delivery Charge specified in section II.A of the GRSPs.

**C. FAILURE TO COMPLY PENALTY**

Customers taking NT Service are subject to the Failure to Comply Penalty specified in section II.B of the GRSPs.

**D. METERING ADJUSTMENT**

At those Points of Delivery that do not have meters capable of determining the demand on the hour of the Monthly Transmission Peak Load, the Billing Demand shall be calculated by substituting 1) the sum of the highest hourly demand that occurs during the billing month at all Points of Delivery multiplied by 0.79 for 2) Network Load on the hour of the Monthly Transmission Peak Load.

**E. POWER FACTOR PENALTY**

Customers taking service under this rate are subject to the Power Factor Penalty Charge specified in section II.C of the GRSPs.

**F. UNAUTHORIZED INCREASE CHARGE**

If the Network Customer's Actual CSL is less than its Declared CSL, the Unauthorized Increase Charge specified in section II.G of the GRSPs shall be assessed.

**G. DIRECT ASSIGNMENT FACILITIES**

BPA-TBL shall collect the capital and related costs of a Direct Assignment Facility under the Advance Funding (AF) rate or the Use-of-Facilities (UFT) rate. Other associated costs, including but not limited to operations, maintenance, and general plant costs, also shall be recovered from the Network Customer under an applicable rate schedule.

**H. INCREMENTAL COST RATES**

The rates specified in section II are applicable to service over available transmission capacity. Network Customers that integrate new Network Resources, new Member Systems, or new native load customers that would require BPA-TBL to construct Network Upgrades shall be subject to the higher of the rates specified in section II or incremental cost rates for service over such facilities. Incremental cost rates would be developed pursuant to section 7(i) of the Northwest Power Act.

**I. RATE ADJUSTMENT DUE TO FERC ORDER UNDER FPA §212**

Customers taking service under this rate schedule are subject to the Rate Adjustment Due to FERC Order under FPA §212 specified in section II.D of the GRSPs.

**Attachment 2**  
**NT Customers with CSL**

- City of Bonners Ferry
- City of Centralia
- Clark Public Utilities
- Eugene Water & Electric Board
- Flathead Electric Cooperative
- Mason County PUD #1
- Oregon Trail Cooperative
- USBIA-Mission Valley Power

**Attachment 3**  
**TBL OATT CSL Provision**

**31.7 Declared Customer-Served Load**

Declared Customer-Served Load is a list of twelve (12) monthly numbers representing the Transmission Customer's Customer-Served Load which must be provided to the Transmission Provider if the Transmission Customer desires to be billed for service to less than its Network Load for the basic service under the Rate Schedules. Requests for decrease to any of these Customer-Served Load numbers shall be treated as a request for increases in Network Load pursuant to section 29. Except as provided in section 31.2, or as mutually agreed to, any increase of these Customer-Served Load numbers shall constitute a decrease in service requiring two (2) years notice.

## Attachment 4 NT/CSL Discussion in 1996 ROD

(WP-96-A-02, 433-434)

### **12.4.2 NT Rate Schedule**

FERC has proposed a load ratio pricing construct for NT service with a credit for customer-owned transmission facilities. In BPA's initial proposal, BPA adapted the load ratio share proposal that appeared in the NOPR to better fit BPA's overall rate-setting methodology. It appeared that the FERC rates were designed assuming only a small portion of transmission system use would be under these new rates. When formula rates are a small portion of total business, revenue from the formula rate can be used as a revenue credit and other rates designed to recover the total revenue requirement. However, BPA was forecasting that the NT and PTP rates would be used by a large portion of its power sales customers, and that many wheeling customers would choose to use the new services as well. Therefore, the NT and PTP use needed to be included in the cost allocation process to ensure that BPA would recover the total transmission revenue requirement. In addition, the FERC method seemed to spread the revenue requirement evenly across the 12 months, which would result in higher charges during low use months and lower charges during high use months. Customers with high use during months of overall low use would be penalized. Metcalf, *et al.*, WP-96-E-BPA-27, at 7-8. Finally, customers would not know the price they were paying until after the fact. BPA's initial proposal NT rate included a demand charge applied to the customer's total retail load (Network Load) on the hour of BPA's transmission system peak. The proposal also included a Customer Facilities Credit for customer-owned transmission facilities. Woerner, *et al.*, E-BPA-29, at 3-6; WP-96-E-BPA-29(E1); Wholesale Power and Transmission Rate Schedules, WP-96-E-BPA-08, at 126-130.

Parties argued against the credit for customer-owned transmission facilities in rebuttal testimony. In the PNW, many of BPA's wheeling customers own substantial amounts of transmission facilities which could result, in some cases, of BPA paying the customer for BPA transmission service. Stamper, *et al.*, WP-96-E-GN-02, at 20-23. Parties also argued for billing on a net load concept—WPAG argued that it was a disincentive to use the NT rate when transmission was charged even for resources that never touch BPA's network, and that double charging is more likely to occur for purchased power resources. Beck, *et al.*, E-WA-01, at 31-33. GUN recommended using a customer's load net of any generation not transmitted by BPA. Stamper, *et al.*, E-GN-02, at 20-23.

BPA had similar concerns about the credit for customer-owned transmission facilities and, in its Supplemental Proposal agreed to eliminate it. If the customer could no longer receive a credit for their transmission facilities, BPA reasoned that it would no longer be fair to charge them for their total retail load. Therefore, BPA proposed to charge on net load. Metcalf, *et al.*, E-BPA-84, at 7-8. The net load approach is implemented through the concept of Customer-Served Load: internal generation, resources using a customer's

own or another utility's transmission facilities, and power purchases for which the seller has a PTP contract with BPA may be excluded from the NT Base charge billing factor. Woerner, *et al.*, E-BPA-85, at 18. This position was adopted in the Transmission Settlement Agreement.

The NT rate schedule includes two charges: a Base Charge equal to the IR and PTP rates; and a Transmission Load Shaping Charge that recovers the difference between costs allocated to NT on a 1-noncoincidental demand basis and the revenues from the Base Charge applied to demand on the transmission system peak hour. The Transmission Load Shaping Charge also collects the cost of the transmission of losses. The Base Charge is applied to the customer's net load on BPA's transmission system. To ensure that the NT customer is not relying on BPA for free transmission backup, the customer must contractually declare a Customer-Served Load (CSL), which is the amount of load served through internal generation, over non-BPA transmission, or with power purchases where the seller of the power has PTP wheeling from BPA. The resources associated with the CSL must be running at a specified load factor over the Heavy Load Hours, or the NT Base Charge will be applied to the total load. In addition, the resources must be running at the level of the declared CSL at the hour of BPA's transmission system peak or the NT Unauthorized Increase Charge will be applied to the difference between the declared and actual CSL.

106 FERC ¶ 61,329  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;  
Nora Mead Brownell, Joseph T. Kelliher,  
and Suedeen G. Kelly.

Idaho Power Company

Docket No. ER04-512-000

ORDER ACCEPTING SERVICE AGREEMENTS AS MODIFIED

(Issued March 30, 2004)

1. In this order, the Commission will accept two unexecuted network integration transmission service agreements (NITSAs) between Idaho Power Company (Idaho Power) and Bonneville Power Administration (BPA), and an executed NITSA between Idaho Power and Idaho Power-Power Supply (Idaho Power Supply), as modified, to be effective January 1, 2004, as requested. This order benefits customers by accepting service agreements that are consistent with our open access rules and regulations.

**Background**

2. On January 30, 2004, Idaho Power submitted for filing, pursuant to Section 205 of the Federal Power Act,<sup>1</sup> three proposed NITSAs. Specifically, Idaho Power submitted: (1) an unexecuted NITSA with BPA under which BPA serves its Priority Firm (PF) customers (PF NITSA); (2) an unexecuted NITSA with BPA under which BPA serves the United States Bureau of Reclamation (USBR NITSA);<sup>2</sup> and (3) an executed NITSA

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<sup>1</sup> 16 U.S.C. § 824d (2000).

<sup>2</sup> Idaho Power states that it filed the proposed PF NITSA and USBR NITSA as unexecuted agreements at BPA's request. The USBR NITSA and the Weiser NITSA each have a one-year term, expiring December 31, 2004 and the PF NITSA has an eight-year term expiring December 31, 2011.

with Idaho Power Supply under which Idaho Power Supply serves the City of Weiser, Idaho (Weiser NITSA).<sup>3</sup>

3. The proposed PF and USBR NITSAs are part of a transition from pre-Order No. 888 Transmission Service Agreements between Idaho Power and BPA that expired in December, 2002. As part of the transition, Idaho Power and BPA agreed to NITSAs for calendar year 2003 that are similar to the NITSAs filed in this proceeding. In addition, Idaho Power filed a NITSA with Idaho Power Supply for service to Weiser for calendar year 2003 that superseded a prior NITSA that expired in December 2002. The 2003 NITSA is similar to the proposed Weiser NITSA filed in this proceeding. The Commission conditionally accepted these NITSAs on March 31, 2003.<sup>4</sup>

4. Idaho Power states that the proposed NITSAs in this proceeding provide for the continuation of network service that Idaho Power provides to BPA and Idaho Power Supply under substantially the same provisions as the previous NITSAs. Idaho Power seeks waiver of the Commission's 60-day prior notice requirements and requests an effective date of January 1, 2004 for its proposed NITSAs.

#### **Notice of Filing, Intervention and Protest**

5. Notice of Idaho Power's filing was published in the Federal Register, 69 Fed. Reg. 6960 (2004), with interventions, protests and comments due on or before February 20, 2004. BPA filed a timely motion to intervene and protest against Idaho Power's proposed PF NITSA and USBR NITSA. Idaho Power filed an answer to BPA's protest.

6. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. ' 385.214 (2003), BPA's timely, unopposed motion to intervene serves to make it a party to this proceeding. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2003), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept Idaho Power's answer because it has provided information that assisted us in our decision-making process.

#### **Discussion**

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<sup>3</sup> Idaho Power also filed accompanying Network Operating Agreements (NOAs) to all three NITSAs.

<sup>4</sup> See Idaho Power Co., 102 FERC ¶ 61,351 (2003).

7. Our review of Idaho Power's proposed NITSA's (including the NOAs), as modified below, indicates that they are just and reasonable, and have not been shown to be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. Accordingly, we will accept for filing the proposed NITSA's (including the NOAs), as modified below, to be effective January 1, 2004, as requested.<sup>5</sup>

**A. Behind the Meter Loads**

**1. BPA's protest and Idaho Power's answer**

8. Idaho Power and BPA disagree on the inclusion of behind the meter loads in BPA's load ratio share of network transmission costs at two delivery points, Black Canyon Dam (Black Canyon) and Minidoka Power Plant (Minidoka) for service under the USBR NITSA. With respect to Black Canyon, Idaho Power states that under the prior NITSA, the Black Canyon behind the meter loads were not included in BPA's load ratio share of network costs because the necessary metering equipment was not installed.<sup>6</sup> Idaho Power argues that the omission of these loads from BPA's load ratio share is inconsistent with pricing provisions of its OATT, as well as Order No. 888.<sup>7</sup> Secondly, Idaho Power states in its filing that the appropriateness of its inclusion of behind the meter loads at Minidoka under the prior NITSA has now been challenged by BPA.

9. BPA argues that Idaho Power's inclusion of behind the meter loads at the Black Canyon delivery point in calculating BPA's load ratio share under the USBR NITSA reflects a misunderstanding of how these loads are served and is a misinterpretation of the

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<sup>5</sup> See Prior Notice and Filing Requirements Under Part II of the Federal Power Act, 64 FERC ¶ 61,139 at 61,984, order on reh'g, 65 FERC ¶ 61,081 (1993).

<sup>6</sup> Idaho Power proposes to add meters to allow for the metering of load that is located behind BPA's meters at the Black Canyon point of delivery.

<sup>7</sup> Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities and Recovery of Stranded Costs by Public Utilities and Transmitting Utilities, Order No. 888, FERC Stats. & Regs., Regulations Preambles January 1991-June 1996 ¶ 31,036 (1996), Order No. 888-A, FERC Stats. & Regs., Regulations Preambles July 1996-December 2000 ¶ 31,048 at 30,258-61 (1997), order on reh'g, Order No. 888-B, 81 FERC ¶ 61,248 (1997), order on reh'g, Order No. 888-C, 82 FERC ¶ 61,046 (1998), aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC, 225 F.3d 667 (D.C. Cir. 2000), aff'd sub nom. New York v. FERC, 535 U.S. 1 (2002).

Commission's rules on loads located behind the generation meter. Similarly, BPA argues that the behind the meter load at specified facilities located near the Minidoka point of delivery, although included as part of the network costs that BPA paid for in the past USBR NITSA, should also not be included in BPA's load ratio share.<sup>8</sup> BPA argues that the specific loads at these two delivery points are normally served by BPA's generators. Accordingly, these loads should not be reflected in its network transmission load ratio share.

10. BPA recognizes that the Commission has ruled that a transmission customer's behind the meter load should be included in the calculation for the customer's load ratio share. BPA states, however, that the Commission has carved out an exception to this general rule that is applicable herein.<sup>9</sup> BPA explains that this exception allows behind the meter load to be excluded from the customer's load ratio share if the specific delivery point loads are excluded. BPA, therefore, requests that the Black Canyon delivery point and the associated behind the meter load at the C Line Pumping Plant be excluded from the load ratio share calculation. Also, BPA requests the deletion of behind the meter loads at the Minidoka delivery point and the associated behind the meter loads at the First, Second and Third lift station loads. BPA states that these loads are served using only federal transmission facilities and do not require use of Idaho Power's transmission network. BPA argues that if the behind the meter loads at Black Canyon and Minidoka are included in the USBR NITSA, it will, in effect, be paying for a service that is never used.

11. BPA also states that there are, however, rare instances when the generation at these dams unexpectedly falls below what is needed by these respective behind the meter loads and power is then automatically pulled over Idaho Power's system.<sup>10</sup> BPA argues that during the rare times that it will need Idaho Power's assistance to serve these loads, BPA will purchase point-to-point transmission service from Idaho Power and pay for any energy imbalance charges incurred during the short time it will take to arrange for the point-to-point transmission service. BPA states that if the Commission finds that the payment for energy imbalance and point-to-point service is not sufficient compensation to Idaho Power, BPA is willing to purchase operating reserves for the gross generation of

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<sup>8</sup> Although BPA now believes that those charges for behind the meter load were improper and that a refund for those charges would be appropriate, BPA states that it is willing to forego collection of these monies in favor of a smooth transition to a new contractual relationship.

<sup>9</sup> Citing 888-A at 30,258.

<sup>10</sup> BPA Protest at 6-7.

these loads.

12. Idaho Power opposes the elimination of these loads from BPA's load ratio share. Idaho Power argues that it will continue to provide network service to BPA for these loads, due to their location and electrical configuration. Idaho Power also states that the behind the meter loads at Black Canyon and Minidoka should be included in the load ratio share for the USBR NITSA because Idaho Power stands ready to provide this service at all times in the event there is an outage or shortage of energy necessary to meet the load.

## **2. Commission determination**

13. We agree with Idaho Power. It is clear that BPA requires the use of Idaho Power transmission facilities to serve its loads at the C Line Pumping Plant near the Black Canyon delivery point and its loads at the First, Second and Third Lift Stations near the Minidoka delivery point. In Order No. 888, the Commission stated that:

if a customer wishes to exclude a particular load at discrete points of delivery from its load ratio share of the allocated cost of the transmission provider's integrated system, it may do so. Customers that elect to do so, however, must seek alternative transmission service for any such load that has not been designated as network load for network service. This option is also available to customers with load served by 'behind the meter' generation that seek to eliminate the load from their network load ratio calculation.<sup>[11]</sup>

14. BPA's proposal would essentially leave the behind the meter loads at Black Canyon and Minidoka as part of BPA's network load served by Idaho Power's transmission service, but eliminate the requirement that such loads be metered, *i.e.*, included in BPA's load ratio share, because Idaho Power's transmission service may only be needed in rare instances. This is contrary to Order No. 888. BPA may either designate load as network load for network services and include it in its load ratio share or not designate that load as network and exclude it from its load ratio share and make alternative arrangements for that load as the Commission explained in Order No. 888-A:

The concept of allowing a "split system" or splitting a discrete load is antithetical to the concept of network service. A request for network service is a request for the integration of a customer's resources and loads.

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<sup>11</sup> Order No. 888 at 31,736 (citations omitted).

Quite simply, a load at a discrete point of delivery cannot be partially integrated -- it is either fully integrated or not integrated. Furthermore, such a split system creates the potential for a customer to 'game the system'

thereby evading some or all of its load-ratio cost responsibility for network services.<sup>[12]</sup>

15. Furthermore, we note that BPA's arguments are essentially an impermissible collateral attack on Order No. 888, et al., and we will reject them on that basis.

**B. Scheduling Rights and Network Service**

**1. BPA's protest and Idaho Power's answer**

16. BPA asserts that transmission protocols are needed because in certain instances during 2003 BPA's transmission service was denied by Idaho Power because of claimed transmission constraints. BPA asserts that when it asked Idaho Power to explain these denials, Idaho Power failed to give a clear explanation. BPA now requests that Idaho Power clarify its NITSAs with respect to existing scheduling rights. Specifically, BPA states that the protocol to have in the event of a constraint is for Idaho Power to first cut all non-firm transmission service. BPA states that if this is not sufficient to ease the constraint, then Idaho Power must treat its native load on the same basis as BPA's load and cut an equal amount from each until the system is no longer constrained. BPA seeks clarification in the NITSAs that recognizes these specific rights, rather than the general rights outlined in Idaho Power's Open Access Transmission Tariff (OATT).

17. BPA further states that the clarification should recognize that BPA has the right to change its transmission schedule up until 20 minutes prior to the hour, and if Idaho Power's system is constrained at the time, Idaho Power will cut all non-firm transmission service in order to accommodate BPA's request. BPA continues that if cutting non-firm transmission service will not be sufficient to accommodate its schedule change, then Idaho Power should reduce its native load proportionately with BPA's load, recognizing that BPA may not be able to increase its import schedule as much as is requested.

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<sup>12</sup> Order No. 888-A at 30,259 (citations omitted); see also Transmission Access Policy Study Group v. FERC, 225 F.3d at 726 (D.C. Cir. 2000), aff'd sub nom. New York v. FERC, 535 U.S. 1 (2002) (affirming the Commission's findings on behind the meter generation).

18. Idaho Power responds that BPA's proposed language should be rejected. Idaho Power explains that under section 28.3 of its OATT, the network service that Idaho Power provides to BPA has the same priority as Idaho Power's network load. Idaho Power also points out that the specific protocols BPA seeks are inappropriate and at odds with Idaho Power's obligations under the OATT, the NITSAs, and the NOAs. It explains, for example, that under section 33 of its OATT, Idaho Power is obligated to follow a three-step approach to mitigate overloads on constrained paths.<sup>13</sup> Further, Idaho Power states that it took corrective steps to remedy the problems that resulted in the denial of BPA's transmission service in calendar year 2003 and that it is no longer a problem.

19. In addition, Idaho Power argues that NOA section 10.1 already states that schedules may be changed in accordance with current NERC Operating Policies, which permit parties to submit schedule changes up to 20 minutes before the hour; however, BPA's assertion that it has the right to change its schedule up to 20 minutes before the hour fails to take into account other considerations that may bear upon the acceptance of its schedule.

## 2. Commission determination

20. We understand BPA's concerns given Idaho Power's actions in calendar year 2003, but, as Idaho Power notes, Idaho Power has taken corrective steps and it appears that this is no longer a problem. In any event, we agree with Idaho Power that procedures are already in place in its OATT, the NITSAs and NOAs that provide how Idaho Power must schedule and provide transmission service on its system. For example, sections 28.3 and 33 of Idaho Power's OATT, as described above, essentially mirror sections 28.3 and 33 of the pro forma tariff and establish that a transmission provider will provide network service "on a basis that is comparable to the Transmission Provider's use of the Transmission System to reliably serve its Native Load Customers" and set forth the procedures for curtailments. BPA's proposed language to be included in its NITSAs is inconsistent with Idaho Power's OATT and the Commission's pro forma tariff and, accordingly, we reject it.

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<sup>13</sup> Idaho Power states that these steps include: (1) redispatching network resources on an overall least-cost basis without regard to ownership in accordance with sections 33.2 and 33.3 of the OATT; (2) curtailing schedules across constrained paths on a non-discriminatory basis that effectively relieve the constraint in accordance with sections 33.4 and 33.5 of the OATT; and (3) shedding load on a non-discriminatory basis in accordance with Section 33.6 of the OATT and section 4.6 of the NOAs.

21. In addition, as Idaho Power notes, BPA does not have the right to change its schedule 20 minutes before the hour. BPA only has the right to seek changes to its schedule up to 20 minutes before the hour subject to certain considerations that must be taken into account pursuant to Idaho Power's OATT, NITSAs and NOAs. Accordingly, we reject BPA's request that the NITSAs be clarified to address this matter.

### **C. Regional Transmission Organization (RTO) Provision**

#### **1. BPA's protest and Idaho Power's answer**

22. Under section 5 - "Effect of ISO/RTO Participation" of the proposed NITSAs, Idaho Power includes language that states: "The Parties acknowledge that at such time as the Transmission Provider may join an RTO, transmission service shall be provided to the Transmission Customer pursuant to the rates, terms and conditions of the OATT of the RTO . . . ."

23. BPA argues that it is unreasonable for Idaho Power to include a provision in these agreements that would, in effect, force BPA to convert to a currently unknown service and requests that Idaho Power remove it from the NITSAs. BPA states that it expects that there may be necessary changes to its tariff to accommodate service under an RTO if Idaho Power joins an RTO-like entity. BPA argues, however, that it cannot accept a blanket denial of continued service under the Idaho Power OATT when the rules and circumstances for service under this unknown entity have yet to be defined.

24. Idaho Power responds that it believes that inclusion of the RTO provision is for the recognition and expectation that the Idaho Power Tariff may be replaced by an RTO tariff, and therefore places the customer on notice of future changes. However, Idaho Power believes that the RTO issue is likely moot since it will be addressed by the parties and the Commission in future RTO compliance filings. Therefore, Idaho Power does not object to removing Section 5 from all of the NITSAs.

#### **2. Commission determination**

25. While we note that section 5 was included and accepted in the prior NITSAs between Idaho Power and BPA, since both parties now agree that this provision is not necessary at this time, we will direct Idaho Power to delete Section 5 from the NITSAs with BPA.<sup>14</sup> Accordingly, we will require Idaho Power to make a compliance filing

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<sup>14</sup> We note that the Weiser NITSA also includes the above discussed RTO Provision. We find that consistent with the removal of this provision from BPA's PF and USBR NITSAs, Idaho Power should remove this provision from the Weiser NITSA.

(continued...)

deleting this Section from the NITSAs with BPA within 15 days of the date of this order.<sup>15</sup> If an RTO is formed, Idaho Power will be free at that time to propose that the transmission service being provided under the existing NITSA be converted to the OATT of the newly formed RTO.

**D. Installation of Meters**

**1. BPA's protest and Idaho Power's answer**

26. In both of the proposed NITSAs with BPA, Idaho Power includes Exhibit 2 – “Facilities to be Constructed” which provides for metering facilities to be constructed in order for Idaho Power to provide the requested network service.

27. BPA requests that the Commission strike Exhibit 2 of the PF NITSA because it is no longer relevant. BPA states that in its original application for OATT service to Idaho Power, a list of primary network transmission resources was included. These resources are primary network transmission resources for the USBR NITSA, but had been listed as secondary resources in earlier PF agreements between BPA and Idaho Power. BPA states that it had hoped to change the status of these secondary resources into primary network transmission resources for purposes of the PF NITSA. However, BPA states that it has proven difficult for them to provide the data to Idaho Power necessary to show how often these resources would be used to serve PF load. Therefore, BPA states that since resources are not being re-designated at this time from secondary resources to primary NT resources, the metering facilities listed in Exhibit 2 of the PF NITSA are not needed and should be removed. Additionally, BPA requests that the Commission strike a portion of Exhibit 2 from the USBR NITSA regarding loads behind the generation meter.

28. In response to BPA's concerns regarding Exhibit 2 of the PF NITSA, Idaho Power argues that BPA misstates the issues. Idaho Power states that BPA's argument concerning network resources has nothing to do with whether Exhibit 2 should be included in the PF NITSA and that there is no such thing as primary or secondary resources under the OATT or NITSA. Idaho Power concludes that BPA's designation of network transmission resources has nothing to do with the meters in Exhibit 2. Regarding BPA's request that the Commission strike a portion of Exhibit 2 from the USBR NITSA regarding loads behind the generation meter, Idaho Power states that BPA offers no explanation in support of its request and the request should therefore be rejected.

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<sup>15</sup> In the compliance filing, consistent with Order No. 614, Idaho Power must submit revised service agreements.

## 2. Commission determination

29. Regarding the PF NITSA, we note that Exhibit 2 was included and accepted in the prior PF NITSA between Idaho Power and BPA. Our review indicates that Exhibit 2 does not specifically require any metering facilities to be installed at this time. If Idaho Power requires additional metering facilities to be constructed in the future, they must file those changes under Section 205 with the Commission. At that time, BPA will have the opportunity to determine the reasonableness of any such request for inclusion of such metering facilities. Therefore, BPA's request to delete Exhibit 2 is denied. Regarding the USBR NITSA, BPA has provided no rationale for its request that the Commission strike a portion of Exhibit 2. Therefore, we will deny BPA's request to delete the language in Exhibit 2 consistent with our decision to not exclude those loads from Idaho Power's network service.

### The Commission orders:

(A) Idaho Power's proposed NITSAs and accompanying NOAs are hereby accepted for filing, as modified, as discussed in the body of this order.

(B) Idaho Power is hereby directed to submit a compliance filing within 15 days of this order reflecting the modifications discussed in the body of this order.

By the Commission.

( S E A L )

Magalie R. Salas,  
Secretary.