



Transmission Losses Follow-up

**Network Customer Meeting
October 20, 2010**

Helping to **keep the lights on,**
businesses running and communities strong®



ATC, Billing & Schedule 9

- The purpose of this brief review is to impart some history regarding the tie between the network billing process and transmission losses
- ATC and Ameren are the only Pricing Zones that perform it's own Schedule 9 billing. The Midwest ISO performs this function for all others using a rate * current month MW calculation

MISO References to Losses

- Energy Markets Tariff - Module B
 - Definitions Section – Section 1.168 Load: “A term that refers to either an end-user of Energy, **net of system losses**....”
 - Section 15.7 (PTP) & 28.5 (NITS) refer to “Marginal Losses”. Both references indicate “Transmission Provider shall assess to Market Participants the Marginal Losses Component of the LMP”
- Energy Markets Tariff - Module C
 - Other references in the context of *marginal losses*. (*GFA’s, LMP, Scheduling et.al.*)
- Transmission Settlements Business Practice Manual (BPM-012) - Mentions losses with respect to Schedule 1 (Scheduling & Dispatch Service) and Schedules 7-8 (Point to Point Services) Station Power



Losses in the 5-Year Phase In

- ATC adopted a five-year phase-in of base transmission rates so all load within the ATC footprint would eventually be equalized
- In like manner, all energy losses were similarly equalized (see spreadsheet on the next slide)
- Losses not monetarily settled. Instead, the payback mechanism is in real time using a payment in kind process

ATC Energy Loss Phase-in

<u>SLBA</u>	<u>2001 Loss Factor</u>	<u>2002 Loss Factor</u>	<u>2003 Loss Factor</u>	<u>2004 Loss Factor</u>	<u>2005 Loss Factor</u>	<u>1/1/2002 MWHs Daily Energy</u>	<u>Weighted</u>
WEC	1.84%	1.88%	1.92%	1.97%	2.01%	90,000	50.7% 0.009327
Alliant	1.99%	2.00%	2.00%	2.00%	2.01%	39,000	22.0% 0.004371
WPS	2.20%	2.15%	2.10%	2.05%	2.01%	36,000	20.3% 0.004461
MG&E	2.65%	2.49%	2.33%	2.17%	2.01%	9,700	5.5% 0.001448
UPPCO	3.00%	2.75%	2.50%	2.25%	2.01%	2,850	1.6% 0.000482
Average:	2.01%	2.01%	2.01%	2.01%	2.01%	177,550	2.01%

	<u>Loss Factor Differential</u>						
WEC	0.00%	0.04%	0.08%	0.13%	0.17%	36	<i>Send</i>
Alliant	0.00%	0.01%	0.01%	0.01%	0.02%	4	<i>Send</i>
WPS	0.00%	-0.05%	-0.10%	-0.15%	-0.19%	(18)	<i>Receive</i>
MG&E	0.00%	-0.16%	-0.32%	-0.48%	-0.64%	(16)	<i>Receive</i>
UPPCO	0.00%	-0.25%	-0.50%	-0.75%	-0.99%	(7)	<i>Receive</i>

The Market – LMP

The Recently-Completed WUMS Loss & Congestion Socialization

	Congestion	Losses	Total
AE	\$ (1,696,817.43)	\$ (499,331.43)	\$ (2,196,148.86)
MG&E	\$ (391,893.62)	\$ 4,942,352.97	\$ 4,550,459.35
UPPCo	\$ 632,982.44	\$ 2,149,324.63	\$ 2,782,307.07
WeEnergies	\$ (1,549,601.69)	\$ (11,360,300.65)	\$ (12,909,902.33)
WPPI	\$ (216,104.94)	\$ (824,943.27)	\$ (1,041,048.21)
WPS	\$ 3,221,435.24	\$ 5,592,897.75	\$ 8,814,332.99

(Negative numbers means pay the kitty)



Network Service (NITS)

- In calculating the annual Load Ratio Share for billing purposes, ATC uses historical customer loads at the time of ATC's monthly coincident peaks (12 CP method) and invoices similar to budget billing
- No attempt is made to estimate demand losses by a Local Balancing Authority (LBA) at the time of the monthly peaks and there are no billing components related to losses



Questions