

TC-20 SETTLEMENT AGREEMENT

THIS TC-20 SETTLEMENT AGREEMENT (“TC-20 Settlement Agreement”) is among the Bonneville Power Administration (“Bonneville”) and the Transmission Customers (“Transmission Customer” or “Transmission Customers” or both) (Together, Bonneville and Transmission Customers in the singular, “Party,” in the plural, “Parties”).

RECITALS

- A. Bonneville offers transmission service across the Federal Columbia River Transmission System (“FCRTS”) pursuant to an open access transmission tariff (“Tariff”). Section 9 of this Tariff requires Bonneville to obtain the Federal Energy Regulatory Commission’s (“FERC”) determination that changes to the Tariff satisfy FERC’s reciprocity safe harbor standards, or that such changes are just, reasonable, and not unduly discriminatory or preferential. On November 22, 2016, Bonneville provided a letter to the region to explain Bonneville’s determination that “the safe harbor process is no longer a tenable approach to make future changes to the tariff”;
- B. On January 9, 2018, Bonneville announced its decision to follow the statutory procedural requirements of Section 212(i)(2)(A) of the Federal Power Act (“Section 212”), 16 U.S.C. § 824k(i)(2)(A), to establish a new open access transmission tariff (“TC-20 Tariff”) for transmission service across the FCRTS;
- C. In advance of the Section 212 hearing process, Bonneville and the Transmission Customers engaged in discussions to determine whether they could agree on the terms and conditions of the TC-20 Tariff. The Transmission Customers raised concerns with Bonneville’s proposed TC-20 Tariff terms, including without limitation, terms relating to hourly firm transmission service, Section 9 of the Tariff, transmission rates, and other transmission service issues;
- D. In addition to the TC-20 Tariff discussion, Bonneville and the Transmission Customers have been engaged in settlement discussions with respect to Transmission, Ancillary, and Control Area Services Rates for the FY 2020-2021 (“BP-20”) rate period;
- E. The terms of this TC-20 Settlement Agreement are intended to be a part of a settlement package that includes the partial settlement of the Transmission, Ancillary, and Control Area Services Rates for the FY 2020-21 BP-20 rate period (the “BP-20 Partial Rates Settlement Agreement”); and
- F. The purpose of this TC-20 Settlement Agreement is to document the terms of settlement in relation to the generally applicable terms and conditions for transmission service that will apply to all existing transmission service currently taken under the Tariff, to new transmission service agreements taken under the tariff in Attachment 2 to this TC-20 Settlement Agreement (“Settlement Tariff”), and to all new generator interconnection service agreements taken under the Settlement Tariff.

TC-20 SETTLEMENT AGREEMENT

The Parties agree to the following:

1. In the Bonneville FY 2020-2021 Tariff Terms and Conditions (“TC-20”) proceeding, Bonneville staff will file and recommend that the Administrator adopt a proposal to establish a tariff providing the terms and conditions for transmission service over the FCRTS as specified in Attachment 2 to this TC-20 Settlement Agreement, as well as the transmission service-related commitments set forth in Attachments 1, 2, 3, 4, 5, and 6 to this TC-20 Settlement Agreement.
2. The Parties shall sign this Agreement by 4:30 pm on November 30, 2018. By 4:30 p.m. on December 3, 2018, Bonneville shall notify the Parties of all the signatories to this TC-20 Settlement Agreement. If any Party indicates that it will not sign this TC-20 Settlement Agreement: (1) Bonneville will set up a meeting with the Parties that have signed this TC-20 Settlement Agreement to discuss whether to continue with this TC-20 Settlement Agreement; (2) A Party must indicate if it will withdraw its support for the TC-20 Settlement Agreement within one (1) business day after that meeting by email to the other Parties; and (3) If a Party that has signed this TC-20 Settlement Agreement withdraws its support in accordance with this section 2, this TC-20 Settlement Agreement will be void *ab initio*.
3. If any party to the BP-20 rate proceeding objects to the BP-20 Partial Rates Settlement Agreement, then Bonneville will reconvene the Parties to discuss whether to continue with the proposed TC-20 Settlement Agreement. If a Party under this TC-20 Settlement Agreement submits written notice to the TC-20 hearing officer to withdraw support for the TC-20 Settlement Agreement proposal, this TC-20 Settlement Agreement will be void *ab initio*.
4. If no party to the BP-20 rate proceeding objects to the BP-20 Partial Rates Settlement Agreement, Bonneville will move the TC-20 hearing officer to enter the proposed TC-20 Settlement Agreement into the TC-20 record and to issue a decision recommending that the Administrator adopt the TC-20 Settlement Agreement.
5. Within 30 days of the TC-20 hearing officer’s recommended decision made pursuant to section 4, the Administrator will notify the Parties in the Record of Decision whether the Administrator adopts the proposed TC-20 Settlement Agreement. If the Administrator does not adopt the proposed TC-20 Settlement Agreement, this TC-20 Settlement Agreement will be void *ab initio*, and Bonneville will move the TC-20 hearing officer to strike the TC-20 Settlement Agreement proposal from the record and to amend the procedural schedule.
6. If the Administrator adopts the proposed TC-20 Settlement Agreement, the Settlement Tariff will supersede and replace Bonneville’s prior open access transmission tariff in its entirety effective on October 1, 2019. Notwithstanding any other contract provision, as of October 1, 2019, the Settlement Tariff will apply to all Service Agreements listed in Attachment 3 and any transmission service agreements and generator interconnection agreements that are executed after the date the Parties have signed this TC-20 Settlement Agreement.

7. If the Administrator adopts the proposed TC-20 Settlement Agreement, the Parties agree not to contest this TC-20 Settlement Agreement, including its attachments, or the applicability of the Settlement Tariff to each Transmission Customer's Point-to-Point and Network Integration Transmission Service Agreements specified in Attachment 3 either before FERC, the U.S. Court of Federal Claims, the U.S. Court of Appeals for the Ninth Circuit, or any other judicial or administrative forum. The Parties agree not to support or join any litigation which would seek to change the terms of this TC-20 Settlement Agreement, including documents explicitly incorporated by reference, except as specified in section 11, Reservation of Rights.
8. Attachment 3 lists each Transmission Customer's Point-to-Point and Network Integration Transmission Service Agreements to which the Settlement Tariff will apply. Each Transmission Customer has reviewed the list of transmission service agreements in Attachment 3 and agrees that it is an accurate and complete list of its respective Point-to-Point and Network Integration transmission service agreements with Bonneville.
9. As a condition to this TC-20 Settlement Agreement, the Parties agree not to contest the terms of the BP-20 Partial Rates Settlement Agreement.
10. Statements Not Admissible in Evidence. The Parties agree that this TC-20 Settlement Agreement and the BP-20 Partial Rates Settlement Agreement represent a compromise in the positions of the Parties. As such, conduct, statements, and documents disclosed in the negotiation of this TC-20 Settlement Agreement and the BP-20 Partial Rates Settlement Agreement will not be admissible as evidence in the TC-20 proceeding, the BP-20 proceeding, any other proceeding, or any other judicial or administrative forum.
11. Reservation of Rights
 - a. No Party waives any of its rights—under Bonneville's enabling statutes, the Federal Power Act, or other applicable law—to pursue dispute resolution procedures consistent with Bonneville's open access transmission tariff, or to pursue any claim that a particular term, condition, charge, methodology, practice, or rate schedule for transmission service, has been improperly implemented. No Party waives any of its rights under such Party's open access transmission tariff.
 - b. The Parties reserve the right to respond during the term of the TC-20 Settlement Agreement, as specified in section 12, Term and Termination, to any new filings, protests, or claims, by Bonneville or others; however, the Parties will not support, with respect to the TC-20 Settlement Agreement term, a challenge to any terms and conditions or other matters set forth in this TC-20 Settlement Agreement.
 - c. Except as provided in Attachment 1, nothing in this TC-20 Settlement Agreement is intended in any way to alter the Administrator's authority and responsibility to periodically review and revise the terms and conditions for transmission service pursuant to the requirements in the Settlement Tariff in Attachment 2. Execution of this TC-20 Settlement Agreement by a Party does not constitute consent or agreement in any future

tariff proceeding to revise the Settlement Tariff in Attachment 2. Except as provided in Attachment 1 and notwithstanding section 7, Parties retain all of their rights to contest and argue whatever position they believe appropriate with respect to any term or condition of transmission service as in effect on or after October 1, 2021.

d. No Precedential Value. The Parties agree that the provisions of this TC-20 Settlement Agreement are the result of negotiations based upon the unique circumstances in the TC-20 proceeding. The Parties agree and represent that neither this TC-20 Settlement Agreement nor any decision of the Administrator approving the same shall constitute or be cited as precedent or deemed an admission by any Party in any other proceeding except as necessary to enforce its terms before Bonneville or any forum of competent jurisdiction.

12. Term and Termination. Unless this TC-20 Settlement Agreement terminates under the terms set forth in section 2, 3, or 5 above, this TC-20 Settlement Agreement shall continue in effect until September 30, 2021, except for the provisions contained in sections 1, 6, 7, 8, 9, 10, 11, 12, 13, and 14 of this TC-20 Settlement Agreement, and Attachment 1, sections 1, 2.b, 2.c, 2.d, 2.e, 2.g.iii, 2.i, 2.k, 3, 11, and 13 which shall survive this TC-20 Settlement Agreement in accordance with their provisions.

13. Attachments. The following attachments are incorporated into this TC-20 Settlement Agreement:

Attachment 1: Terms

Attachment 2: Bonneville's Open Access Transmission Tariff (the "Settlement Tariff")

Attachment 3: List of Parties' Point-to-Point and Network Integration Transmission Contracts to which the Settlement Tariff shall apply

Attachment 4: Business Practice Process

Attachment 5: Balancing Reserve Capacity Business Practice

Attachment 6: NT Workstreams Roadmap

14. Entire Agreement. This TC-20 Settlement Agreement sets forth the entire agreement among the parties with respect to the subject matter of this TC-20 Settlement Agreement.

15. Execution in Counterparts. This TC-20 Settlement Agreement may be executed in counterparts each of which is an original and all of which, taken together, constitute one and the same instrument.

Customer Name: _____

Bonneville Power Administration

Signature: _____

Signature: _____

Signatory: _____

Richard L. Shaheen, P.E.

Title: _____

Senior Vice President, Transmission Services

Date: _____

Date: _____

ATTACHMENTS

Attachment 1: Terms

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**Attachment 3: List of Parties' Point-to-Point and Network Integration Transmission
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Attachment 4: Business Practice Process

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Attachment 6: NT Workstreams Roadmap

Attachment 1: Terms

1. Terms of Service

a. Section 9 Term

Bonneville agrees that the Administrator will not change Section 9 in the Settlement Tariff, as provisions in that Tariff may be amended from time to time pursuant to its terms, before October 1, 2028.

b. Section 9 Language

The Settlement Tariff will include the following:

9. Tariff and Rate Modifications

(a) Tariff Modifications.

(1) Subject to applicable law, Bonneville commits to open access transmission service. Bonneville shall follow the statutory procedures in Section 212(i)(2)(A) of the Federal Power Act to set generally applicable terms and conditions in its Tariff and will make a final determination to adopt transmission service terms and conditions in a record of decision. In the record of decision, the Administrator's determination will set forth the reasons for reaching any findings and conclusions, including conclusions that may differ from those of the hearing officer, based on:

- i. The hearing record,
- ii. Consideration of the hearing officer's recommendation,
- iii. Bonneville's organic statutes and other laws that apply to Bonneville, and
- iv. Consideration of the standards that apply to Commission-ordered Bonneville transmission service under Sections 211 and 212 of the Federal Power Act.

(2) The Administrator has the right to change the terms and conditions, classification of service, or schedules and attachments contained in the Tariff only if the Administrator conducts a proceeding regarding the change in accordance with Section 212(i)(2)(A) of the Federal Power Act and makes a final determination in that proceeding in accordance with section 9(a)(1) above to adopt such change. Any newly proposed transmission tariff of general applicability is considered and treated as a proposed change to the Tariff under this section.

(b) Rate Modifications

The Transmission Provider may change the rates that apply to transmission service pursuant to applicable law.

- (c) Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under the Tariff to exercise its rights under applicable law.

2. Hourly Firm

Bonneville will only offer hourly firm transmission service based on available transfer capability (“ATC”) that is calculated in accordance with Bonneville’s short-term ATC methodology. Bonneville will begin limiting the hourly firm product beginning July 1, 2019.

- a. Hourly firm reservations will not be available in real-time starting January 1, 2020. Hourly firm may only be reserved until the day prior to the operating day at 2340.
- b. Bonneville will perform the analysis described in section 2.d below starting from a neutral position (i.e., no certainty as to end state for the hourly firm product).
- c. In the TC-22 period (October 1, 2021 –September 30, 2023), Bonneville will provide hourly firm service that may be reserved until the day prior to the operating day at 2340. Bonneville may propose a change from this *status quo* during the TC-22 proceeding after:
 - i. Bonneville identifies hourly firm service as (1) A demonstrable adverse reliability risk, (2) A more than de minimis adverse impact to firm transmission service, or (3) In conflict with the then applicable market rules; and
 - ii. Bonneville engages in best efforts to come to a collaborative solution that mitigates the identified risks/impacts of hourly firm service with customers. After the TC-22 proceeding, Bonneville and customers will evaluate options for the post-TC-22 period for the hourly firm product based on the results of the neutral evaluation described in section 2.d.
- d. Starting mid-January 2019, Bonneville will monitor and evaluate the hourly firm product. Bonneville will establish a budget of \$2 million total for the BP-20 rate period to fund the evaluation of the hourly firm product. Bonneville will hold one or more workshops and collaborate with its customers to develop a plan for monitoring and evaluating the hourly firm product. Bonneville will subsequently post its plan for monitoring and evaluating the hourly firm product and will consider comments from customers before finalizing the plan. Bonneville will share the results of its evaluation with customers at least **twice** before July 1, 2020.
 - i. Bonneville’s evaluation of the hourly firm product will include:
 1. Updates on any operational experience relating to the hourly firm product’s impact on reliability, curtailments or other system operations;

2. Evaluations of hourly ATC that was available at the time of firm curtailments;
 3. Any identifiable impacts of hourly firm curtailment priorities to customers that hold long-term firm transmission service agreements, including network integration transmission service (“NT”) and long-term firm point-to-point transmission service (“PTP”).
 4. Customer experience with the hourly firm product regarding usage and marketing and load service impacts. This evaluation will be based on information provided to Bonneville from customers that use the hourly firm product during the monitoring period.
- ii. Bonneville will provide responses to customer queries and provide transparent data in support of its actions, as appropriate and available. Bonneville will also provide the following information:
1. Product usage
 - a. Type of service: Firm; Conditional Firm; Non-Firm
 - b. Products used: Long-term; Monthly; Weekly; Daily Hourly
 - c. Timing of reservations (How far ahead of the reservation start time)
 - d. Timing of schedules (How far ahead of flow)
 - e. Point of Receipt (“POR”)and Point of Delivery (“POD”)
 - i. Load service v. marketing (POD analysis)
 - ii. Resources used (POR analysis)
 - iii. POR/POD combinations
 2. Transaction Type
 - a. Redirects
 - b. Original requests
 - c. Resales
 - d. Reassignments
 - e. Transfers
 3. Curtailment events initiated by Bonneville on the network
 - a. Identify the products that are curtailed
 - b. Megawatt (“MW”) amount of curtailment
 - c. Percentage of total schedules curtailed
 - d. Analysis of schedules curtailed based on NERC priority level
 4. Identify the amounts of short-term ATC during:
 - a. Congestion events – determined on a flowgate by flowgate basis. Depending on the flowgate, a congestion event is when actual flows are within 15-20% of total transfer capability (“TTC”).
 - b. When dispatchers log actions
 - c. Curtailment events
 5. Designation of Network Resources
 - a. Seller’s choice impacts

6. Preemption/Competition data
7. System data during congestion and curtailment events
 - a. Impactful outages
 - b. TTC impacts
 - c. System Operating Limits and/or Real Time Contingency Analysis
 - d. Significant forecast errors
- iii. Bonneville agrees to conduct the following analysis:
 1. Firm v. non-firm total usage
 - a. Flow based analysis by NERC curtailment priority – can also show unscheduled flows.
 2. Change in customer use of products
 - a. Shift from long-term to short-term products
 - b. Shift from Firm to Conditional Firm (“CF”)
 - c. Shift from Firm to Non-Firm
 - d. Increase in usage of 6NN
 - e. Increase in usage of PTP non-firm curtailment priority of 1-5
 3. Make up of curtailments:
 - a. Firm curtailments (NT and PTP)
 - b. NT Redispatch
 - c. Hourly Firm
 - d. NT and PTP
 - i. System conditions CF – system condition has not occurred
 - ii. Number of Hours CF – firmed up
 - e. Conditional Firm curtailments
 - i. System conditions CF – system condition has occurred
 - ii. Number of Hours CF – not firmed up
 - f. Non-firm curtailments
 - i. 6NN and 1-5
 4. Redispatch
 - a. Emergency
 - b. NT redispatch
 - c. Discretionary redispatch
 - i. If discretionary redispatch is granted, identify which flowgate was affected
 - ii. Identify if a curtailment was avoided
 5. Bonneville reserves the right to conduct any analysis it deems necessary to evaluate hourly firm service.
- e. By October 1, 2021, Bonneville will use reasonable efforts to develop an accurate and transparent short-term ATC methodology. In this process, Bonneville will:

- i. Begin evaluation in the second quarter of 2019 and identify any potential improvements to short-term ATC that could be implemented before October 1, 2021.
 - ii. Hold a short-term ATC workshop in the fourth quarter of 2019, and the second and fourth quarter of each fiscal year until October 1, 2021;
 - iii. Provide a review of timelines and parameters for making specific changes to ATC/available flowgate capability (“AFC”) methodology to improve accuracy in the short-term ATC workshops; and
 - iv. Continue to calculate and post hourly ATC/AFC values.
- f. As soon as practicable, Bonneville will apply preemption and competition to daily and hourly firm, including redirects, if OATI implements NAESB standards to adopt FERC policy under *Entergy Services Inc.* 148 FERC ¶ 61,209. If FERC has not directed OATI to adopt such NAESB standards or if OATI has not made the changes prior to the start of the TC-22 proceeding, then the issue of whether to apply preemption and competition to daily and hourly firm in the absence of such action will be reevaluated as part of the TC-22 proceeding. The Parties will discuss the conditional window in Tariff section 13.2(iv) in workshops before the TC-22 proceeding.
- g. Seller’s Choice
- i. The Settlement Tariff will include the following language:
 1. Tariff Section 29.2(v): For each off-system Network Resource, such description shall include: . . .
 - Identification of the control area from which the power will originate. The customer is not required to identify the control area for designations at Mid-Columbia Points of Receipt for designations with a term ending prior to October 1, 2021.
 - ii. Bonneville will list the Mid-Columbia Points of Receipts in the Network Integration Transmission Service business practice.
 - iii. Starting October 1, 2019, Bonneville will monitor and evaluate the implementation of this section g as indicated in Attachment 1, section 2.d hourly firm evaluation. Bonneville will share the results of its evaluation with customers at least once before July 2020. Based on the hourly firm evaluation, Bonneville may, in its sole discretion, include in its TC-22 Initial Proposal, Network Resource designation at Mid-Columbia Points of Receipt.
- h. Bonneville will implement Netting of Redirects under Stop Sales Events (TLR Avoidance) in late February 2019 so that transmission service requests that redirect to different POR/POD combinations are allowed if they have equal or less impact than the original parent transmission service request.
- i. Bonneville will provide at least two conversion windows, including one prior to the start of the BP-22 proceeding and one prior to the start of the BP-24 proceedings, for

- customers desiring to switch their long-term firm transmission product designation from either NT to PTP or PTP to NT.
- j. Subject to section 11.a, Reservation of Rights, of the TC-20 Settlement Agreement, nothing in this TC-20 Settlement Agreement is intended to restrain Bonneville's ability, in its sole discretion, to maintain system operations and reliability, including but not limited to setting limitations on the availability of hourly firm to maintain system reliability.
 - k. NT Redispatch Cost Allocation
 - i. Bonneville forecasts NT Redispatch costs in Bonneville rate cases based on historic usage of NT Redispatch ("NT Redispatch Cost Methodology"). For the BP-20 rate period and for any rate period thereafter during which Bonneville offers the hourly firm product, the costs for NT Redispatch under Bonneville's Redispatch and Curtailment Business Practice, will be allocated based on the principle that NT customers should not incur additional NT Redispatch costs that are attributable to the Point-to-Point hourly firm product.
 - ii. Notwithstanding section 2.k.i above, if Bonneville forecasts NT Redispatch costs below \$4 million:
 - 1. In BP-20, Bonneville shall use historical usage to forecast the cost for NT Redispatch and allocate such costs to the network segment generally; and
 - 2. In BP-22 and BP-24, Bonneville shall include in its Initial Proposal that any forecast NT Redispatch costs will be allocated to the network segment generally.
 - iii. If Bonneville forecasts NT Redispatch costs to exceed \$4 million in the BP-22 or BP-24 rate periods, the Parties have the right to support and challenge any alternative approaches to allocate the costs for NT Redispatch in the respective rate proceeding in a manner consistent with the principle set forth in section 2.k.i above.

3. Business Practices

Bonneville shall adopt the Business Practice Process, attached as Attachment 4 to this TC-20 Settlement Agreement, which may be modified as provided in that attachment.

4. Ancillary Services: Schedules 3, 9, and 10, and Balancing Reserves Business Practice

a. Schedule 3

Bonneville shall adopt the language in Schedules 3 as reflected in those respective schedules of the Settlement Tariff, Attachment 2.

b. Schedule 9

The Settlement Tariff will include the following language for Schedule 9:

SCHEDULE 9

Generator Imbalance Service

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider's Control Area and a delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a scheduling period. Pursuant to Schedule 10, the Transmission Provider must offer this service, to the extent it is physically feasible to do so from its resources or from resources available to it, when transmission service is used to deliver energy from a generator located within its Control Area.

The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Generator Imbalance Service obligation. The charges for Generator Imbalance Service are set forth in Transmission Provider's Transmission, Ancillary, and Control Area Service Rate Schedules and General Rate Schedule Provisions, or its successor.

To the extent the Control Area Operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area Operator.

For purposes of this Schedule 9, the Transmission Provider may bill a Generator owner or operator directly for this service in lieu of billing the Transmission Customer, pursuant to an interconnection agreement or other arrangement. In that case, the generator owner or operator will be deemed to be a "Transmission Customer" for the purposes of this schedule.

The Transmission Provider may charge the Transmission Customer a penalty for generator imbalances under this Schedule or a penalty for energy imbalances under Schedule 4 for imbalances occurring during the same scheduling period, but not both unless the imbalances aggravate rather than offset each other.

c. Schedule 10

The Settlement Tariff will include the following language for Schedule 10:

SCHEDULE 10

Capacity for Generator Balancing Services

Capacity for Generator Balancing Services is necessary to ensure the capacity is available to provide the energy for service under Schedule 9, Generator Imbalance Service, as well as to provide regulation and frequency response for generation, in order to maintain scheduled Interconnection frequency at sixty cycles per second (60 Hz). The obligation to maintain the capacity under this Schedule 10 lies with the Transmission Provider (or the Balancing Authority that performs this function for the Transmission Provider).

The Transmission Provider must offer to provide capacity under this Schedule 10 to generation electrically located in the Transmission Provider's Control Area to the extent it will not unreasonably impair reliability. The Transmission Provider must establish a long-term planning process in its Balancing Reserve Capacity Business Practice and utilize that planning process to forecast the capacity needed to provide this service. The Transmission Provider will offer to provide capacity up to the forecast quantity from its resources or resources available to it. Any changes to the forecasted amount of capacity needed to provide this service will not take effect until that change is reflected in the charges for providing this service, unless needed for reliability or to comply with regulatory requirements. If a change in the forecasted amount of capacity is needed for reliability or to comply with regulatory requirements prior to a revision of the charges, Transmission Provider will convene the parties to review options to revise the charges to reflect the change in capacity, and take prudent steps to adjust rates either in accordance with the posted Rate Schedules or holding a hearing, either expedited or in the next scheduled hearing, under Section 7(i) of the Pacific Northwest Electric Power Planning and Conservation Act.

The Transmission Customer must either purchase this capacity for generator balancing services from the Transmission Provider or make alternative comparable arrangements, to satisfy its obligation.

The charges for Capacity for Generator Balancing Services are set forth in Transmission Provider's "Transmission, Ancillary, and Control Area Services Rate Schedules and General Rate Schedule Provisions," or its successor. To the extent the Balancing Authority performs this service for the Transmission Provider charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

The Transmission Provider may charge the Transmission Customer for Capacity for Generator Balancing Service under this Schedule and for Frequency and Response Service under Schedule 3, since Capacity needs for load and generation may aggravate rather than offset each other.

d. Balancing Reserve Capacity Business Practice

Bonneville will adopt the Balancing Reserve Capacity Business Practice, attached as Attachment 5 to this TC-20 Settlement Agreement. Under section E of the Balancing Reserve Capacity Business Practice, curtailment events are estimated to be 110 per year. Bonneville has the right to modify this business practice as provided for in the Business Practice Process adopted in Section 3 of this Attachment 1.

5. Dispute Resolution in Section 12.1 of the Tariff

The Settlement Tariff will include the following:

- 12.1 Any dispute between a Transmission Customer and the Transmission Provider involving transmission service under the Tariff (excluding rate changes) shall be referred to a designated senior representative of the Transmission Provider and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days [or such other period as the Parties may agree upon], such dispute may be submitted to a court or agency of competent jurisdiction or, by mutual agreement, arbitration and resolved in accordance with the arbitration procedures set forth below.

6. NT Conditional Firm and Network Operating Agreement

- a. Bonneville will remove NT Conditional Firm from the tariff and commits to implementing NT Service as described in the NT Service Overview flowchart in Attachment 6 to this TC-20 Settlement Agreement. Bonneville also commits to the NT Work Stream Roadmap in Attachment 6. Both the NT Service Overview and NT Work Stream Roadmap may be revised by Bonneville from time to time in collaboration with customers.
- b. Bonneville will revise Attachment G, as reflected in the attached tariff, develop a template Network Operating Agreement in collaboration with customers, and bilaterally negotiate individual agreements.

7. NT Redispatch and Attachment M

Bonneville will revise NT Redispatch language and remove Attachment M, as reflected in Attachment 2, Settlement Tariff. No later than October 1, 2019, Bonneville will modify the existing Redispatch Business Practice through the agreed upon Business Practice Process. As part of the revised Business Practice Bonneville will include the following provision: Currently, NT Redispatch only applies to Federal Resources. Without customers waiving their right to challenge, prior to inclusion of any non-Federal resources (including off-system resources) in NT Redispatch, Bonneville must hold a public process to determine the appropriate rules and protocols associated with non-Federal Redispatch and Parties will negotiate in good faith to incorporate those rules, as mutually agreed-upon in executed customer-specific Network Operating Agreements.

8. Generator Interconnection Procedures

Bonneville shall adopt new tariff language as reflected in the Settlement Tariff, Attachment 2, to:

- a. Implement the following reforms pursuant to the Federal Energy Regulatory Commission's ("Commission") Order No. 845: The Interconnection Customer's Option to Build, Dispute Resolution, Identification and Definition of Contingent Facilities, Transparency Regarding Study Models and Assumptions, Definition of Generating Facility in the Standard Large Generator Interconnection Procedures ("LGIP") and Standard Large Generator Interconnection Agreement ("LGIA"), Interconnection Study Deadlines, Requesting Interconnection Service Below Generating Facility Capacity, Provisional Interconnection Service.
- b. Delete from Attachment L and N all tariff language that makes reference to Bonneville filing its tariff with the Commission; delete from Attachment L all tariff language that makes reference to filing an unexecuted LGIA with the Commission.

By October 1, 2019, Bonneville shall develop a Business Practice that takes a phased approach to the implementation of the Commission's Order No. 845 reform: Utilization of Surplus Interconnection Service and shall also revise the Large and Small Generator Interconnection Business Practices to clarify its process for determining whether an Interconnection Customer's request for a modification constitutes a Material Modification.

9. Real Power Loss Factor

Bonneville shall create a new Schedule 11, as reflected in the Settlement Tariff, Attachment 2, to document the Real Power Loss Factor.

10. Price Cap

Bonneville shall remove the price cap on resales of point to point transmission service, as reflected in Section 23.1 of the Settlement Tariff in Attachment 2.

11. Financial Middleman

Bonneville will not make any changes to the tariff for the financial middleman issue, but reserves the right to propose such changes in the TC-22 proceeding or any subsequent tariff proceedings.

12. Intertie Studies

No later than January 1, 2020, Bonneville will begin a stakeholder process to review business practices related to studies of transmission service requests ("TSRs"), with the goal to examine and develop a consistent and repeatable approach to studying requests for long-term firm point-to-point transmission service on the southern intertie and network. Bonneville and Transmission Customers may identify the relevant business practices at the beginning of such process.

13. Attachment K

Bonneville shall adopt Attachment K as reflected in the Settlement Tariff in Attachment 2.

In the Federal Register notice initiating the TC-20 proceeding, Bonneville will exclude Attachment K from the scope of the TC-20 proceeding.

- a. Bonneville reserves the right to propose revisions to Attachment K, Transmission Planning Process, in a tariff proceeding that may be conducted earlier than the TC-22 proceeding. If Bonneville initiates a tariff proceeding before the TC-22 proceeding, the scope will be limited to proposed revisions to Attachment K.