Q3 Finance Workshop

July 30, 2019
10:30am-12:00pm
Rates Hearing Room
Bridge: 1-415-527-5035

WebEx: https://doe.webex.com/doe/j.php?MTID=mec98c69a1e744e8dd8f0afc727f3df89
Meeting number (access code): 905 840 525
Meeting password: 9RmFdrBk
Agenda

10:30 – 10:40 am – Agenda & Safety Moment
Chris Dunning

10:40 – 11:00 am – Q3 EOY Reserves Forecast
Damen Bleiler

11:00 – 11:15 am – Transmission Market Landscape
Danny Chen

11:15 – 11:30 am – Power Market Landscape
Marie Pompel/Steve Gaube

11:30 – 11:45 am – Grid Mod Update
Nita Zimmerman

11:45 – 12:00 pm – Questions/Open Q&A
Q3 EOY Reserves Forecast
Damen Bleiler
### Financial Reserves Update

#### POWER

<table>
<thead>
<tr>
<th></th>
<th>BP-18</th>
<th>FY 2019 EOY Forecast</th>
<th>DELTA</th>
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<tr>
<td></td>
<td>Days</td>
<td>Q2</td>
<td>Q3</td>
</tr>
<tr>
<td></td>
<td>Cash</td>
<td>Days Cash</td>
<td>Days Cash</td>
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<tr>
<td>POWER</td>
<td>FY 2019</td>
<td></td>
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<tr>
<td>PS RESERVES for RISK</td>
<td>61,561</td>
<td>12</td>
<td>288,052</td>
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<tr>
<td>PS RESERVES not for RISK</td>
<td>78,800</td>
<td></td>
<td>126,832</td>
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<tr>
<td>PS TOTAL RESERVES</td>
<td>140,361</td>
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<td>414,884</td>
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#### TRANSMISSION

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<td>Cash</td>
<td>Days Cash</td>
<td>Days Cash</td>
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<td>TRANSMISSION</td>
<td>FY 2019</td>
<td></td>
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<tr>
<td>TS RESERVES for RISK</td>
<td>368,539</td>
<td>220</td>
<td>206,520</td>
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<tr>
<td>TS RESERVES not for RISK</td>
<td>40,000</td>
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<td>115,349</td>
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<tr>
<td>TS TOTAL RESERVES</td>
<td>408,539</td>
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<td>321,868</td>
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#### AGENCY

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<td>Cash</td>
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<td>Days Cash</td>
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<tr>
<td>AGENCY</td>
<td>FY 2019</td>
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<tr>
<td>RESERVES for RISK</td>
<td>430,100</td>
<td>62</td>
<td>494,572</td>
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<tr>
<td>RESERVES not for RISK</td>
<td>118,800</td>
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<td>242,181</td>
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<td>AGENCY TOTAL RESERVES</td>
<td>548,900</td>
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<td>736,753</td>
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**Notes:**
- Third quarter forecast reflects BPA's initial proposal of $182 million Business Unit Split Reserves Adjustment from Transmission to Power. This amount is subject to Administrator's final decision on the allocation errors that will be issued in October 2019.
Surcharge, CRAC and RDC Thresholds

Preliminary Reserves Forecast
Power Threshold Tracking:
- No modeling scenarios result in triggering a CRAC or RDC
- All modeling scenarios result in a $30m Surcharge

Transmission Threshold Tracking:
- No modeling scenarios result in triggering a CRAC, Surcharge or RDC
Transmission Market Landscape
Danny Chen
Revenue Variances vs. Forecast

- For the fiscal year to date (October to June) revenues are $9.9M below Rate Case forecast ($798M) and $3.3M below Third Quarter ($792M)

- These reductions are driven by:
  - Network PTP long term service
    - Deferral to future periods
    - PTP service for projected renewable generation that did not commence as projected.
  - Short term service
    - Lower than forecast hydro and price spreads between NW and CA.
FY 2019 Forecast Outlook for End of Year

• Primary revenue risks to transmission revenues include load variation on load service, transmission reservation actions (i.e. deferral, renewal) on point-to-point service, hydro conditions and market pricing on short term service.

• For the remainder of Fiscal Year 2019 (July to September), BPA does not expect significant changes in the FY 2019 Third Quarter revenue forecast.
  • Summer temperature departures from normal can create variation from forecast, but not expected to be a significant impact.
  • Point-to-Point service is largely determined through end of year as deferrals must be notified to BPA 60 days ahead of service commencement.
  • Short term service risk through end of year is also expected to be minimal as hydro run-off peak occurred in March, and has little hydro impact on sales in summer months.
Power Market Landscape
Marie Pompel & Steve Gaube
Henry Hub Prices
in dollars per one million British thermal units

BP-18 forecast: $3.00
FY 2019 average: $2.98

October November December January February March April May June July August September
Mid-C heavy load hour prices
In dollars per megawatt hour

Actual  ---  Forward market (ICE)  ·  BP-18 Rate Case

BP-18 forecast: $24.87
FY 2019 average: $44.80
Water Supply Forecast
Forward Prices

August Forward Prices

Forward HLH Settlement price
Forward LLH Settlement price

HLH
LLH
BPA does not expect significant changes to its Net Secondary Revenue (NSR) forecast for the remainder of FY19.

As the volatility of MIDC prices and the water supply forecast has declined over the past several months the NSR forecast volatility has reduced as well.

Although there are still modest fluctuations expected in both the MIDC price and water inventory, the inherent volatility is small and within reasonable bounds relative to earlier in the fiscal year.
Grid Mod Update
Nita Zimmerman
Grid Modernization Key Strategic Initiative Spending
# Energy Imbalance Market Timeline

<table>
<thead>
<tr>
<th>CY 2019</th>
<th>CY 2020</th>
<th>CY 2021</th>
<th>CY 2022</th>
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<tbody>
<tr>
<td>Pre-Rate Case Workshops</td>
<td>BP-22 Rate Case</td>
<td>Pre-TC-22 Workshops</td>
<td>TC-22 Tariff Change Process</td>
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<td>Policy Implementation Decisions</td>
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## Grid Modernization Projects
(includes Reliability Coordinator (RC) implementation by November 2019)

## EIM Implementation Projects

### EIM Stakeholder Process
- Monthly EIM Stakeholder mtgs
- BPA Record of Decision for EIM Implementation Agreement
- 30-day Public Comment on BPA Close-Out Letter
- Final BPA Close-Out Letter
- EIM Go Live
- CAISO Files EIM Entity Readiness Certificate at FERC

- Previous EIM Stakeholder Meeting Materials are available here: [www.bpa.gov/goto/EIM](http://www.bpa.gov/goto/EIM)
Questions/Open Q&A
Financial Disclosures

This information has been made publicly available by BPA on July 29, 2019 and does not contain Agency-approved Financial Information.