Commercial Business Model

TC-27 Pre-Proceeding Workshop

Jan. 6-7, 2026

Bonneville
POWER ADMINISTRATION

Agenda

- Introduction to the Commercial Business Model
- Overview of TSEP Model (Status Quo)
- Commercial Business Model Objectives
- Business Model Matrix Exercise
- Overview of Steps to Enable Long-term Firm Service
- The Long-term Firm Service Offer

Introduction

- What is the commercial business model
  - The process under which BPA responds to eligible long-term firm transmission service requests for PTP and above threshold NITS on BPA's network.
  - It is the end-to-end steps to enable firm service when a request needs to be studied, and a plan of service constructed.
  - It includes:
    - eligibility, evaluation, and study requirements and obligations
    - contractual commitments and obligations
    - fees and cost allocations*
    - Project engineering, NEPA analysis, construction

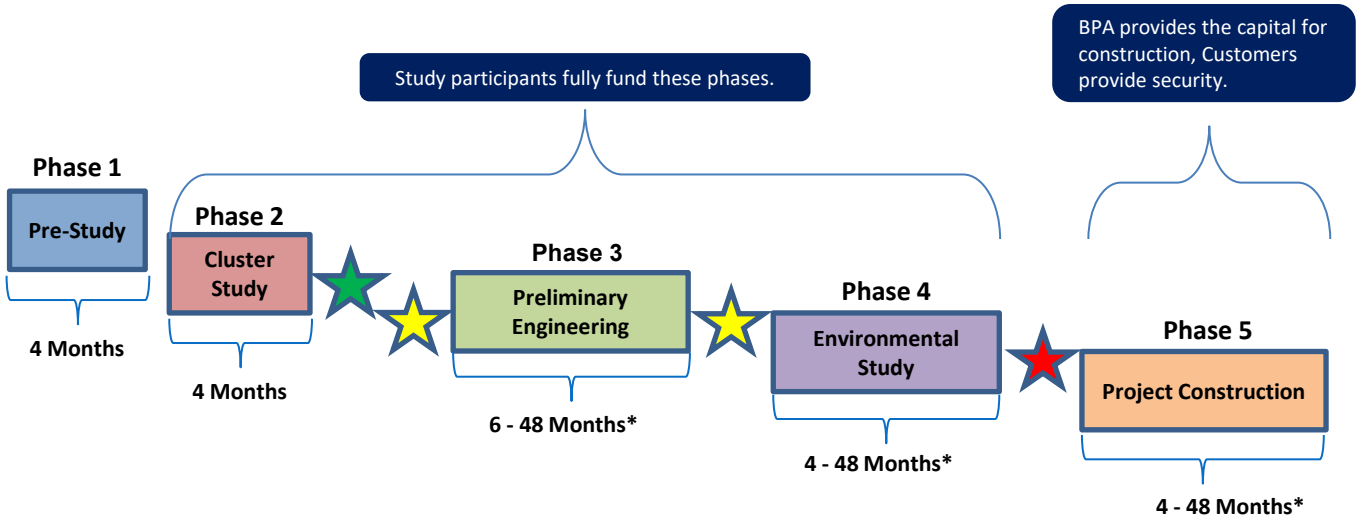
* Does not include rate determinations

TSEP Overview (Based on 5 GW Study)

Pre-TSEP

BPA determines within 55 days to offer LTF service on the existing system. If unable, the TSR will enter TSEP to be studied.

- Customer Submits TSR
- Data Exhibit Validation
- Capacity Available?



At each of these points, BPA refreshes project-specific information, and the customers may decide whether to proceed. Therefore, these steps must be completed sequentially for each project, rather than in parallel.

While BPA does not have any "off ramps," the decision to build lies with the Administrator and BPA can influence the customers' decision via the rate selected.

Customer Closeout Package – Study participants are provided with a study report, a closeout letter detailing the requirements for each of their TSRs to obtain service, and an election form to determine the next steps for each of their TSRs. If applicable, the customer may be tendered an offer for LTF service.

Next Step Agreements - Prior to the commencement of a next phase, BPA will provide customers with updated information on the rate treatment, percentage shares of projects, other non-binding information, such as estimated project costs or timelines. An offer of CFS, if applicable, maybe be made at this time. BPA will provide the customer with a Preliminary Engineering agreement and/or Environmental Study agreement as appropriate.

Service Agreement - Prior to the Administrator's construction decision, BPA will determine whether to offer the requested service at an embedded or ***incremental rate (subject to a 7(i) process)***. BPA will offer the Customer a service agreement for the requested service. Customers will provide security.

***Estimated range; actual timelines vary based on project scope and/or environmental impacts**

Commercial Business Model

Objectives:

- All TSRs/FTSRs that remain in the queue are “studiable”
- Achieve a “studiable” queue volume/process
- Thoughtfully balance cost causation and socialized cost
- Appropriately allocate various risks associated with transmission expansion
- Supports BPA’s mission regarding commercial transmission expansion
- Fairly allocates scares system capability (existing system, capacity enabled by new project, and CFS/IS capacity)

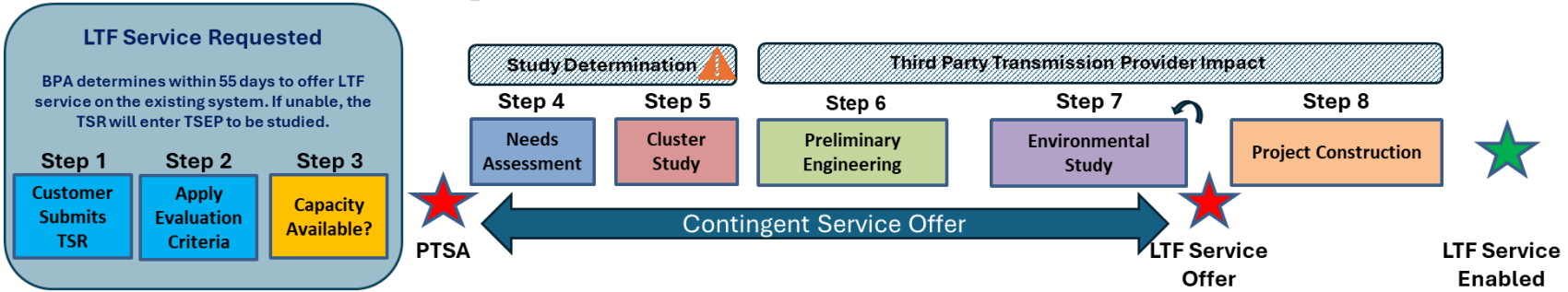
Problem Statement: BPA’s current business model for transmission system expansion needs to be modified to enable BPA to adapt to current circumstances.

Business Model Matrix & Path to Firm Key

- Business Model Matrix discussion

Path to Firm Key		
TSEP Phases (slide 3)	LTF Service Steps (slide 7)	Definition
Pre-TSEP	Steps 1, 2, 3	TSR, Data Exhibit, ATC Check, Commercial Technical Panel, Commercial Power Flow Analysis
Phase 1	Step 4	Study Agreements, Needs Assessment (Main grid path)
Phase 2	Step 5	Cluster Study (Sub Grid, Reliability, Plan of Service development)
Phase 3	Step 6	Preliminary Engineering
Phase 4	Step 7	Environmental Study
Phase 5	Step 8	Construction

Steps to Enable LTF Service



PTSA

- Path to firm service contingent on both parties meeting a set of performance conditions.
- Includes decision to construct
- Included rolled in rate determination, otherwise agreement terminated
- 1 year of service securitized
- BPA funds all phases, if customer withdraws, customer loses security
- Does not address Third Party TP Impacts

Contingent Service Offer

- Path to firm service dependent on customer funding:
  - Steps 1 – 3: TSR Deposits
  - Steps 4 – 5: Study Fees
  - Step 6: Preliminary Engineering Fees
  - Step 7: Environmental Fees
- Customer Off ramps between Steps 3/4, 5/6, 6/7
- Offer made contingent on all 3rd party impacts mitigated and the last project in plan of service scheduled for construction.
  - Includes decision to construct
  - Includes rate determination
  - Customers provides security
- BPA funds construction, if customer withdraws, customer loses security
- Identifies third-party transmission provider impacts
- Need to address Minimum Terms and Deferral Rights

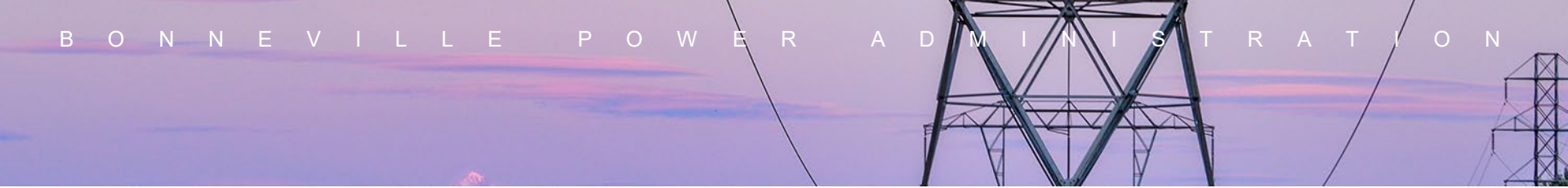
LTF Service Offer (Status Quo)

- Path to firm service dependent on customer funding:
  - Steps 1 – 3: TSR Deposits
  - Steps 4 – 5: Study Fees
  - Step 6: Preliminary Engineering Fees
  - Step 7: Environmental Fees
- Customer Off ramps between Steps 3/4, 5/6, 6/7, 7/8 (2 off ramp opportunities)
- Offer made when all 3rd party impacts are mitigated and the last project in plan of service is scheduled for construction.
  - Includes decision to construct
  - Includes rate determination
  - Customers provides security
- BPA funds construction, if customer withdraws, customer loses security
- Identifies third-party transmission provider impacts

LTF Service Enabled: When all projects in a plan of service are commercially operational, the resource is on-line, the load is there to be served, and all third-party impacts have been mitigated.

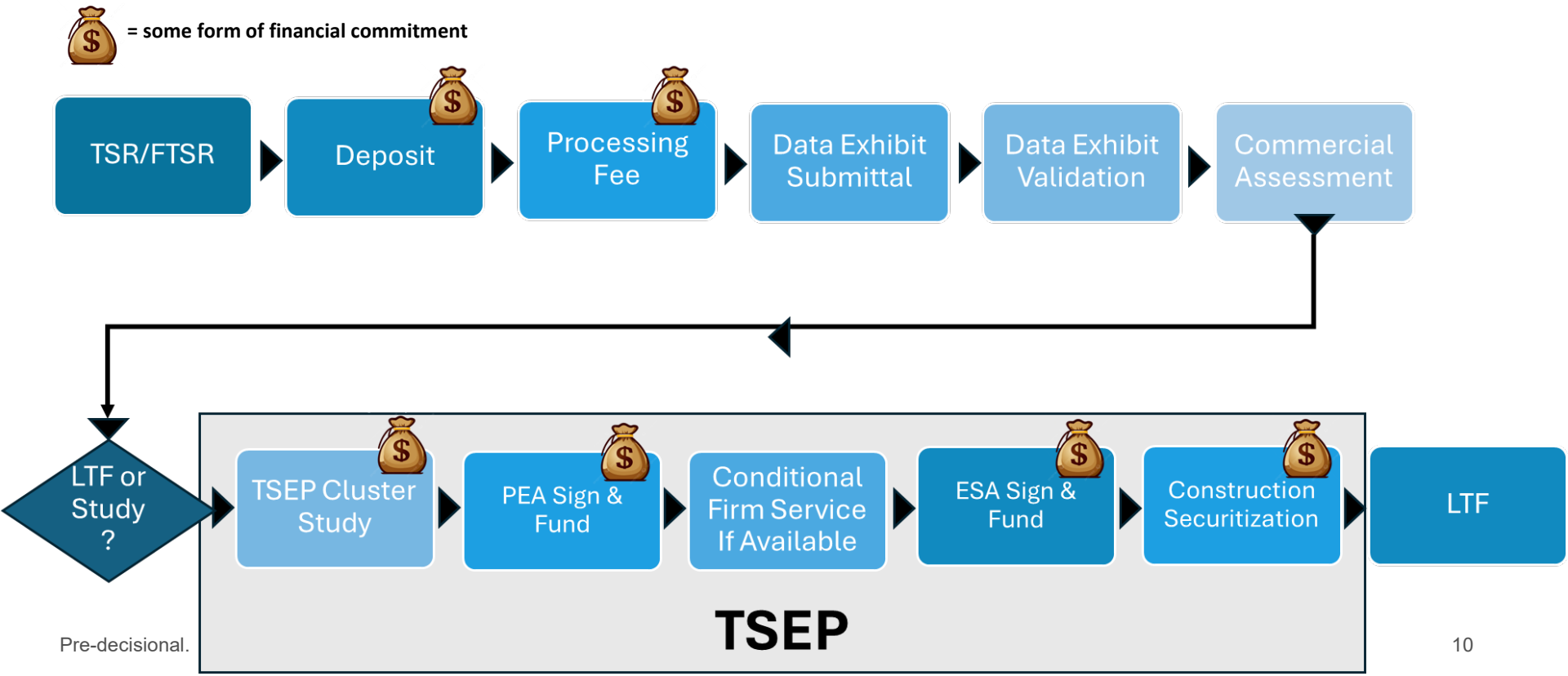
Contingent Offer Decision

- When a contingent offer is made is the most critical path decision.
- Based on the timing of the contingent offer, the type of contingent offer and associated financial requirements will be defined.
- BPA recognizes that the contingent offer is an important asset for many customers.



Appendix

Current State: Path to Firm



Current State Path to Firm Example

100 MW TSR that needs 3 x $200M expansion projects

Project direct cost =	$200 million
Preliminary Engineering Agreement (PEA) =	$40 million
Environmental Study Agreement (ESA) =	$20 million
Total Project MW Commitment =	1,000 MW

For All 3 Projects

Source (100 MW TSR)	Amount
Deposit	$164,800
Processing Fee	$10,000
Cluster Study Fee	$15,000
PEA Funding (x3)	$12,000,000
ESA Funding (x3)	$6,000,000
Construction Securitization (x 3 projects x 5 years)	$1,500,000
SUB-TOTAL	**$19,689,800**