



**Terms and Conditions
TC-20 Tariff Proceeding
Customer Workshop
4/23/18**

Agenda

TIME	TOPIC	PRESENTERS
9:00 - 9:10 AM	Agenda Review & Safety	Rachel Dibble
9:10 – 9:20 AM	Strategic Alignment & <i>Pro Forma</i> Guidance	Michelle Manary
9:20 - 9:45 AM	New Workshop Format and Goals	Rachel Dibble
9:45 - 10:30 AM	TC-20 Tariff Development	Rachel Dibble
10:30 – 10:45 AM	Break	
10:45 – 12:00 PM	Tariff Topics	Rahul Kukreti & Beth Loebach
12:00 – 1:00 PM	Lunch	
1:00 – 2:00 PM	Ancillary Services	Rebecca Fredrickson & Eric King
2:00 – 2:30 PM	Hourly Firm Update	Mike Norris & Rich Gillman
2:30 – 3:00 PM	Wrap up and Next Steps	Rachel Dibble

Alignment with the BPA 2018-2023 Strategic Plan and Transmission Business Model

- Although BPA is not required to adopt FERC's *pro forma* tariff, we believe that there is value (and in fact is a critical step to achieving this strategic vision) in adopting the FERC *pro forma* tariff for our transmission services to the extent possible. Through this tariff, we offer open access transmission service that is consistent with industry products, services, and standards.
- 2018-2023 BPA Strategic Plan, Objective 4d: Offer more standardized products and services by better aligning BPA's Open Access Transmission Tariff with *pro forma* and industry best practices
- TBM v3: Transmission will ensure business certainty and stability for our customers by offering our product portfolio and standardized options under a comprehensive open access transmission tariff, modeled to the extent possible after FERC's *pro forma* tariff.

WE ENERGIZE THE PACIFIC NORTHWEST

Transmission Value Proposition

Operating a High
Performing Grid

Enabling Economic
Growth in the Region

Providing Access to Federal
and Non-Federal Resources
And Markets

Through Excellence in Offering and Managing

Product Portfolio

Providing standardized options
Value-based price profiles
Drawing from integrated regional planning

Infrastructure

Advanced situational awareness
Right-sized investments in assets
Value and risk-based asset management

Long-Term Viability

Data-driven decision making
Integrated and efficient processes
Innovation and continuous improvement

A Dependable and Responsive Business Partner

Transmission Regulatory Policy Group Overview

- Building organizational readiness to implement Agency Strategy and TBM.
- Dedicated staff responsible for OATT expertise, managing BPA OATT/business practices and leading public processes.
- Cross-functional management team to provide direction and make decisions on policy issues.



TC-20 Tariff Development

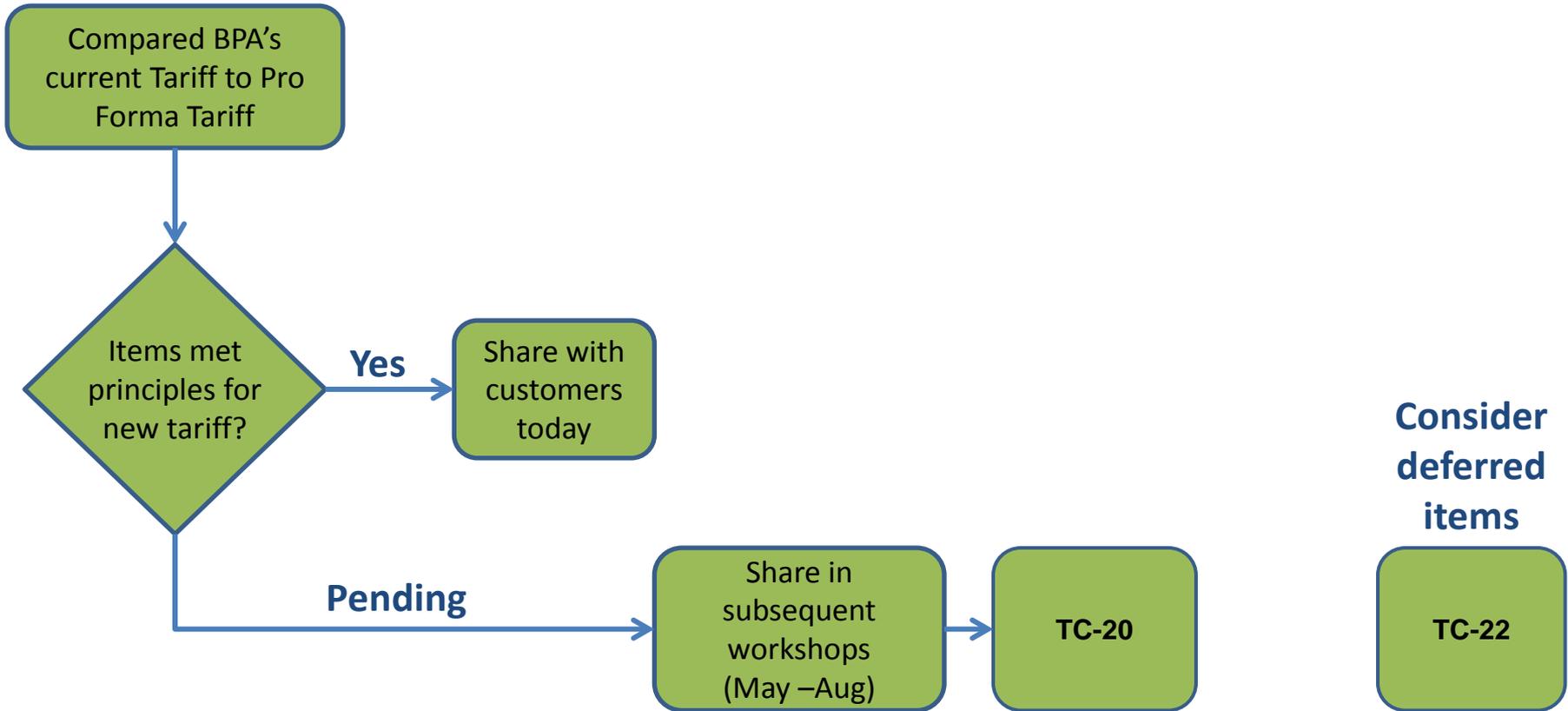
BPA's *pro forma* strategic guidance as principles for the new tariff

Consistent with the BPA 2018-2023 Strategic Plan and Transmission Business Model, BPA plans to propose a tariff that is consistent with the FERC *pro forma* tariff to the extent possible. BPA will consider differences from the FERC *pro forma* tariff if the difference is necessary to:

1. Implement BPA's statutory and legal obligations, authorities, or responsibilities;
2. Maintain the reliable and efficient operation of the federal system;
3. Prevent significant harm or provide significant benefit to BPA's mission or the region, including BPA's customers and stakeholders; or
4. Align with industry best practice when the FERC *pro forma* tariff is lagging behind industry best practice, including instances of BPA setting the industry best practice.

TC-20 Workshop Tariff Timeline

FY 2018	FY 2019	FY 2020	FY 2021
---------	---------	---------	---------



Address tariff language for certain topics in a future TC-22 Tariff Proceeding

- Deferred tariff language topics for sections related to:
 - Study Process
 - Excluding undesignations for firm market sales less than one year
 - Attachment C (ATC Methodology)
 - Attachment K (Regional Planning)
 - PTP and NT agreement templates
 - Simultaneous Submission Window (SSW)
 - Creditworthiness
- Identified deviations will be addressed in TC-22
- For TC-20, BPA is proposing to use current tariff language for the new tariff, which has been included in the draft tariff proposal we have posted
 - Specific sections for each topic are also posted

Proposed TC-20 workshop topics

Today

- Strategic plan and principles for new tariff
- Future modifications to the new tariff (Section 9)
- Sections aligned with *pro forma* and BPA's current tariff
- Sections with differences from *pro forma* due to legal and statutory reasons
- Ancillary Services (Schedules, 3, 9 and 10)
- Hourly Firm (Process update only)

Subsequent
workshops
(May –Aug)

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Hourly Firm • Ancillary Services • Attachment G (NOA) • Elimination of NT Conditional Firm • Attachment M and NT Redispatch • Addressing rollover and minimum 5 year term requirements • Generator Interconnections (Attachments L and N) | <ul style="list-style-type: none"> • Losses • Price Cap and Financial Middleman • Applicability of new tariff • Opt-in opportunities • Two tariff administration • TC-20 Procedural issues |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Pre TC-20 Workshops– Proposed Timeline

APRIL

MAY

JUNE

JULY

AUGUST

SEPTEMBER

OCTOBER

BPA develops proposed tariff language

Customers review proposed tariff language & provide feedback

**BPA prepares for TC-20
Initial Proposal**



Proposal for Section 9

Proposal for Section 9 Tariff Language

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of the Transmission Provider to unilaterally make changes in terms and conditions, classification of service, or Service Agreement after the Transmission Provider conducts a hearing under Section 212(i)(2)(A) of the Federal Power Act. The Transmission Provider may, subject to the provisions of the applicable Service Agreement under this Tariff, change the rates that apply to transmission service pursuant to applicable law.

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 the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

Proposal for Section 9

<p>BPA Context</p>	<ul style="list-style-type: none"> • BPA will not adopt <i>pro forma</i> section 9. <i>Pro forma</i> Section 9 permits FERC jurisdictional transmission providers to unilaterally apply to FERC for a change in rates, tariffs, and service agreements. BPA is not a FERC jurisdictional utility and cannot delegate authority to FERC to set rates or terms and conditions for transmission service over the FCRTS. • BPA proposes a Section 9 that permits the transmission provider to change the tariff after following the procedural requirements of section 212(i)(2)(A) of the Federal Power Act. • Today, we will respond to customer feedback regarding need for business certainty and inclusion of procedural protections and substantive standards in Section 9.
<p>Consistent with <i>pro forma</i> or new tariff principles</p>	<ol style="list-style-type: none"> 1. Implement BPA’s statutory and legal obligations, authorities, or responsibilities. 3. Prevent significant harm or provide significant benefit to BPA’s mission or the region, including BPA’s customers and stakeholders.
<p>TC-20 Tariff Scope</p>	<ul style="list-style-type: none"> • Section 9 is in scope for this upcoming Tariff Proceeding.
<p>Rate Case Impact</p>	<ul style="list-style-type: none"> • Plan to conduct future tariff and rate cases concurrently. No known/anticipated impact for the BP-20 rate case
<p>Customer Feedback</p>	<ul style="list-style-type: none"> • Seek feedback on the proposed Section 9 that has been posted.



Tariff Proposals

Align with *pro forma* (no changes from current tariff)

BPA Context	<ul style="list-style-type: none"> • BPA proposes to use <i>pro forma</i> language for sections in the current tariff that is already <i>pro forma</i>.
Consistent with <i>pro forma</i> or new tariff principles	<ul style="list-style-type: none"> • <i>Pro forma</i>.
TC-20 Tariff Scope	<ul style="list-style-type: none"> • Language will be proposed in upcoming Tariff Proceeding (See draft tariff proposal and associated handouts).
Rate Case Impact	<ul style="list-style-type: none"> • No known/anticipated impact for the BP-20 rate case.
Customer Feedback	<ul style="list-style-type: none"> • Asking customers to respond by May 22,2018.

Differences from *pro forma* necessary to implement BPA’s legal and statutory obligations, authorities or responsibilities

<p>BPA Context</p>	<ul style="list-style-type: none"> • The <i>pro forma</i> tariff requires FERC jurisdictional utilities to file the tariff, service agreements, and rates with FERC. As a Federal agency, BPA is not subject to these same standards. BPA has removed provisions requiring the tariff, service agreements, and rates to be filed with FERC. To comply with Federal law, BPA has added environmental review requirements in the tariff and modified <i>pro forma</i> rate provisions because BPA’s rates are set pursuant to the Northwest Power Act. • All differences are consistent with FERC approved deviations in BPA’s current tariff except for three, which we will discuss on the following slide.
<p>Consistent with <i>pro forma</i> or new tariff principles</p>	<ol style="list-style-type: none"> 1. Implement BPA’s statutory and legal obligations, authorities, or responsibilities.
<p>TC-20 Tariff Scope</p>	<ul style="list-style-type: none"> • Impacted tariff sections are identified in the associated handouts. Proposed language is included in the draft tariff proposal.
<p>Rate Case Impact</p>	<ul style="list-style-type: none"> • No known/anticipated impact for the BP-20 rate case.
<p>Customer Feedback</p>	<ul style="list-style-type: none"> • Asking customers to respond by May 22,2018.

The three differences not included in BPA's current tariff

1. **Section 1.11, Direct Assignment Facilities**

- removed the requirement that Service Agreements containing directly assigned facilities be approved by FERC

2. **Section 12.1, Dispute Resolution**

- removed the reference that tariff changes be presented directly to FERC for resolution

3. **Section 15.3, Initiating Service in the Absence of an Executed Service Agreement**

- remove the requirement for the Transmission Provider to file unexecuted service agreements with FERC for resolution
- added a reference to the Dispute Resolution Procedures in Section 12.

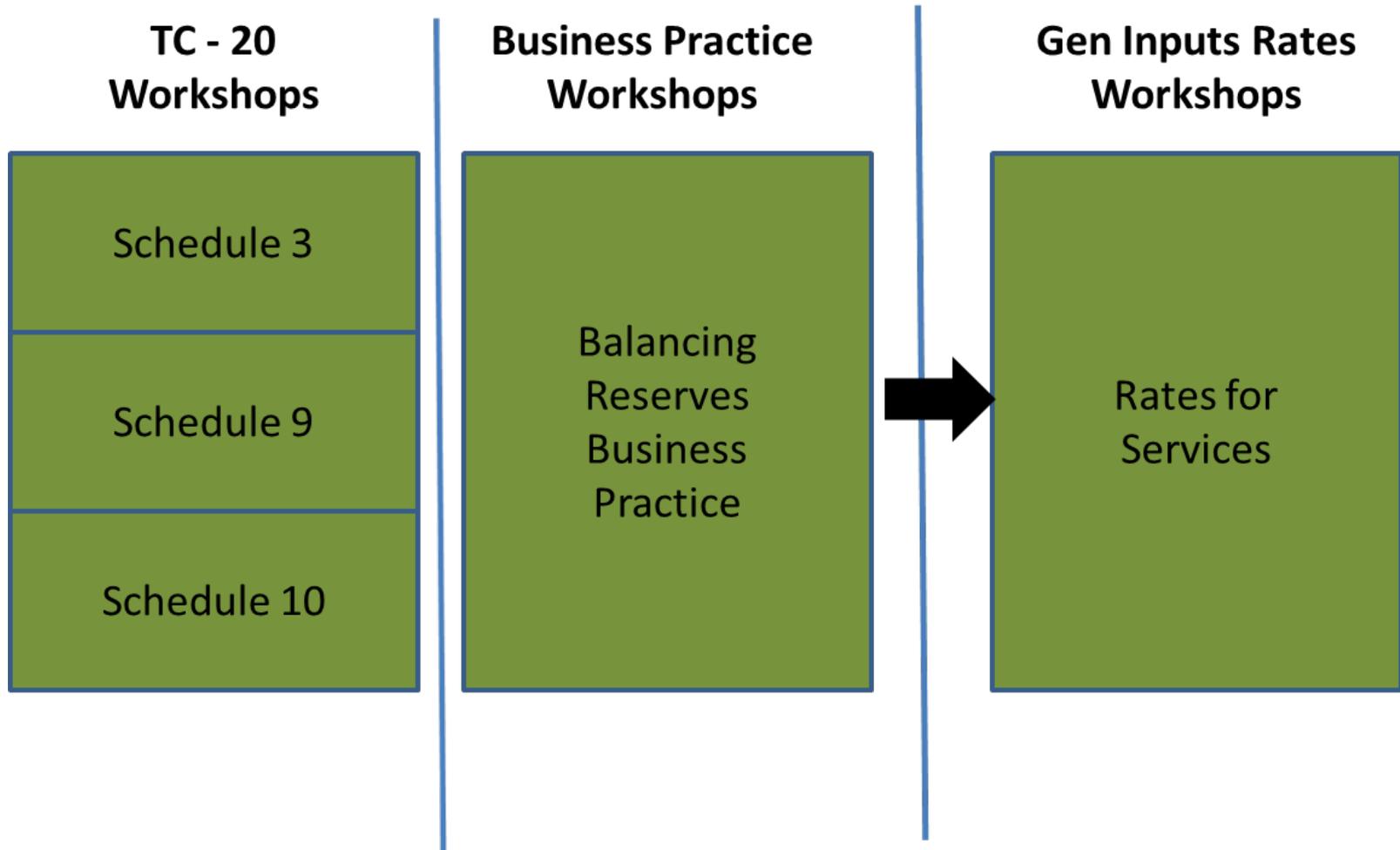


Ancillary Services

Ancillary Services

<p>BPA Context</p>	<ul style="list-style-type: none"> • BPA’s tariff does not have new <i>pro forma</i> language in Schedule 3 “Regulation and Frequency Response Service” • BPA’s tariff does not have <i>pro forma</i> Schedule 9 “Generator Imbalance Service” • BPA does not have a schedule that describes capacity service for generator regulation and imbalance
<p>Consistent with <i>pro forma</i> or new tariff principles</p>	<ul style="list-style-type: none"> • Schedule 3; <i>Pro forma</i>. • Schedule 9; <i>Pro forma</i> and 4. Align with industry best practice when the FERC pro forma tariff is lagging behind industry best practice, including instances of BPA setting the industry best practice. • Schedule 10; 4. Align with industry best practice when the FERC pro forma tariff is lagging behind industry best practice, including instances of BPA setting the industry best practice.
<p>TC 20 Tariff Scope</p>	<ul style="list-style-type: none"> • Yes, propose tariff language for Section 3 and Schedules 3, 9, and a new Schedule 10 (capacity for generator regulation and imbalance). See draft tariff proposal and associated handouts.
<p>Rate Case Impact</p>	<ul style="list-style-type: none"> • Recovery of costs and rate design for ancillary services will be in the BP-20 rate case.
<p>Customer Feedback</p>	<ul style="list-style-type: none"> • We would like customers feedback on the proposed language by May 22, 2018, with follow-up workshops as needed.

Ancillary Services





Hourly Firm Update

Hourly Firm Transmission Services

<p>Context</p>	<ul style="list-style-type: none"> • BPA’s current practice is to provide unlimited hourly firm on its network. • BPA is evaluating alternatives for the provision of hourly firm including; <ul style="list-style-type: none"> • Removing it from our product portfolio; and • Limiting its availability.
<p>Consistent with <i>pro forma</i> or new tariff principles</p>	<p><i>Pro forma</i> (if removed) Or</p> <p>3. Prevent significant harm or provide significant benefit to BPA’s mission or the region, including BPA’s customers and stakeholders.</p> <p>4. Align with industry best practice when the FERC <i>pro forma</i> tariff is lagging behind industry best practice, including instances of BPA setting the industry best practice.</p>
<p>TC-20 Tariff Scope</p>	<ul style="list-style-type: none"> • BPA intends to engage customers in workshops to address alternatives to its current provision of hourly service, including a <i>pro forma</i> alternative.
<p>Rate Case Impact</p>	<ul style="list-style-type: none"> • If an alternative is chosen that results in a change to our terms and conditions, the pricing of those new terms and conditions will be addressed in the rate case.
<p>Customer Feedback</p>	<ul style="list-style-type: none"> • Customers will have the opportunity to provide comments on alternatives at subsequent workshops.

Hourly Firm Transmission Services (Tariff language under review)

- Section 1.45, Short Term Firm PTP Transmission Service
- Section 13.1, Term
- Section 13.2(iv), Conditional Deadline
- Section 13.8, Scheduling of Firm Point-To-Point Transmission Service

Hourly Firm Transmission Services Timeline

APRIL

MAY

JUNE

JULY

AUGUST

SEPTEMBER

Develop
usage and
industry
analysis

Identify
alternatives

Customers review
alternatives and provide
feedback

Customers review
proposed tariff
language and
provide feedback



Next Steps

Next Steps

- Comment period
 - Customers should submit comments by May 22, 2018 to the techforum@bpa.gov
 - Tariff Development
 - Section 9
 - Aligned with Pro Forma
 - Legal/ Statutory Deviations
 - Ancillary Service
 - Hourly Firm (No comments necessary)
- Future Tariff workshops, as discussed this morning, will help develop proposed tariff language.