Terms and Conditions
TC-20 Tariff Proceeding
Customer Workshop

6/26/18
## Agenda

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<td>9:00 - 9:10 AM</td>
<td>Agenda Review &amp; Safety</td>
<td>Katie Sheckells</td>
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<td>9:10 – 9:20 AM</td>
<td>Strategic Alignment &amp; <em>Pro Forma</em> Guidance</td>
<td>Michelle Cathcart and Michelle Manary</td>
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<td>9:20 - 9:30 AM</td>
<td>TC-20 Tariff Development</td>
<td>Rahul Kukreti</td>
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<td>9:30 - 10:00 AM</td>
<td>Customer Comments</td>
<td>Rahul Kukreti and Beth Loebach</td>
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<td>10:00 – 10:15 AM</td>
<td><strong>Break</strong></td>
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<td>10:15 – 10:30 AM</td>
<td>NT Conditional Firm</td>
<td>Rich Gillman and Toni Sewell</td>
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<td>10:30 – 11:05 AM</td>
<td>NT Redispatch and Attachment M</td>
<td>Rich Gillman and Tracy Salazar</td>
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<td>11:05 – 11:35 AM</td>
<td>NT NOA and Attachment G</td>
<td>Rich Gillman and Toni Sewell</td>
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<td>11:35 – 12:35 PM</td>
<td><strong>Lunch</strong></td>
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<td>12:35 – 1:15 PM</td>
<td>Hourly Firm</td>
<td>Rich Gillman and Mike Norris</td>
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<td>1:15 – 1:45 PM</td>
<td>Ancillary Service</td>
<td>Rebecca Fredrickson and Eric King</td>
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<td>1:45 – 2:15 PM</td>
<td>Generation Interconnection</td>
<td>Tammie Vincent and Nick Peck</td>
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<tr>
<td>3:00 – 3:15 PM</td>
<td>Wrap up and Next Steps</td>
<td>Katie Sheckells</td>
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*Pre-Decisional. For Discussion Purposes Only.*
Strategic Alignment

Agency Strategy

BPA’s 2018–2023

STRATEGIC GOALS
DELIVERING ON OUR PUBLIC RESPONSIBILITIES THROUGH A COMMERCIALLY SUCCESSFUL BUSINESS

#1 STRENGTHEN FINANCIAL HEALTH
Improve cost-management discipline, build financial resiliency and maintain strong credit ratings.

#2 MODERNIZE ASSETS & SYSTEM OPERATIONS
Administer an industry-leading asset management program; modernize federal power and transmission system operations to leverage market and technology developments.

#3 PROVIDE COMPETITIVE POWER PRODUCTS & SERVICES
Increase revenues; align the region around a durable and financially sustainable fish and wildlife plan; align energy efficiency investments with long-term needs; achieve a modernized Columbia River Treaty.

#4 MEET TRANSMISSION CUSTOMER NEEDS EFFICIENTLY & RESPONSIVELY
Make more flexible, scalable, economical and operationally efficient transmission investments; support efficient regional resource development; streamline processes; standardize products and services.

Transmission Business Model

WE ENERGIZE THE PACIFIC NORTHWEST

Transportation 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

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

A Dependable and Responsive Business Partner

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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 Tariff Development
TC-20 Workshop Topics

Today
- NT Conditional Firm
- NT Redispatch and Attachment M
- NT NOA and Attachment G
- Hourly Firm
- Ancillary Services
- Generation Interconnection (Attachments L and N)

Subsequent workshops (July –Aug)
- Hourly Firm
- Ancillary Services
- Attachment G (NOA)
- NT Conditional Firm
- Attachment M and NT Redispatch
- Generator Interconnections (Attachments L and N)
- Losses
- Price Cap and Financial Middleman

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Future TC-22 Tariff Proceeding

• BPA is proposing to use current tariff language for the deferred topic list below
  – Specific sections for each topic are also posted

• 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
TC-20 Workshop Timeline

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<th>APRIL</th>
<th>MAY</th>
<th>JUNE</th>
<th>JULY</th>
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<th>November</th>
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- BPA develops proposed tariff language
- Customers review proposed tariff language & provide feedback
- BPA prepares for TC-20 Initial Proposal

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Customer Responses
Feedback from April TC-20 Workshop

Comments from customers on: Principles for new tariff, Section 9, Scope of customer comments, Use of business practice, Schedules 9 and 10, Hourly firm, NT topics for TC-20, Dispute resolution processes and FERC’s jurisdiction over BPA, Staging of tariff proceedings for deferred topics, Studies on the Network and Interties, Requests for more clarity for “under review” sections, Proposal to distinguish new tariff from current tariff, and Direct assignment proposals.

• Bonneville intends to address customer feedback on principles for the new tariff in subsequent workshops.
• As shared in May, we will propose to address customer concerns around business practices in July.
• For comments specific to topics for the TC-20 workshops (e.g. hourly firm), Bonneville intends to begin addressing those comments today and in subsequent workshops as shares its alternatives, proposals, and/or revisions to tariff language proposals.
Sections Marked “Under Review”

- Customers asked for clarifications around how and why sections of the tariff proposal are “under review” and when BPA will share its proposals.
- Sections marked “under review” are still being evaluated by BPA and BPA is not ready to propose tariff language.
  - A majority of the sections flagged as “under review” are related to the TC-20 topics. BPA will share tariff language proposals as it shares its positions on those topics in customer workshops. For example, in May, BPA shared language proposals for sections related to Real Power Losses and this month BPA is sharing language related to topics such as NT Redispatch.
  - BPA has uploaded a handout to clarify which sections fall under the TC-20 topics that BPA intends to cover in subsequent workshops. This will hopefully provide some clarity why certain sections have been marked as “under review” (for example, section 28.3 relates to NT Conditional Firm).
Customer Concerns on BPA’s Tariff Proposal

- Customers have asked for clarification as to what is different in the tariff proposals BPA has posted for the workshops.
- BPA will post an updated tariff prior to each workshop to give customers an opportunity to review tariff language proposals in advance of that meeting.
- BPA will also post a redline to help customers track what language has been updated or inserted between workshops.
- BPA will also continue to post a redline between its most current tariff proposal and BPA’s current tariff and the pro forma tariff.
- Customers are not expected to comment on tariff sections that BPA has not yet proposed tariff language for.
Updates to Proposals

Clarifications related to FERC filing references in the deferred Study sections.

• In April, BPA proposed to use current tariff language for the Study provisions for TC-20. BPA indicated that these Study provisions would be reevaluated in a future tariff proceeding, to allow BPA time to continue developing its study process.

• Upon further review, we noticed that Sections 1.49, 17.6.1; 17.6.2; 19.3; 19.4; and 32.4 included a reference to Section 15.3 and mistakenly reference filing unexecuted agreements with FERC.

• BPA updates these references to be consistent with the Section 15.3 proposal. BPA does not propose to modify other aspects of these sections during TC-20.

Clarifications to section 13.3 and 14.3

• In April, BPA’s proposal included a placeholder to insert the effective date for Order 890.

• BPA updates this reference to include a placeholder to insert the effective date for the new Tariff.

Clarification to Section 31.2

• In April, BPA proposed language requiring customers to be charged for new facilities “in accordance with Commission policies.” How BPA charges customers is a rate design question that must be determined in the rate case.

• BPA omits this reference and, instead refers to the rates determined pursuant to Section 7 of the Northwest Power Act.
Section 9 Customer Comments

• Most customers continue to support use of Section 212 procedures for tariff modifications.
• Some customers support BPA’s proposal to not include a substantive standard in Section 9. Other customers requested BPA include a standard.
• BPA received several suggested revisions to the Section 9 proposal:
  – Omit Section 9 and instead develop a new Section 37 and 38 to govern tariff modifications;
  – Revise the title of Section 9 from “Regulatory Filings” to “Tariff modifications;”
  – Remove the reference to the Federal Power Act and replace it with a reference to applicable law; and
  – Revise section 9 to require the Administrator’s decision to include a determination that the tariff changes are consistent with the statutory standards in Federal Power Act section 211 and 211A and are consistent with applicable law.
• Request for BPA to clarify that the Section 9 proposal does not apply to the current tariff.
• BPA is evaluating your comments and suggestions. Customers provided some good ideas for consideration.
  – BPA expects to discuss the Section 9 proposal again in a future workshop.
  – BPA clarifies that the Section 9 proposal only applies to the new tariff; it does not apply to the current tariff.
Dispute Resolution Response to Comments

Comment: BPA’s new tariff should obligate BPA to file unexecuted service agreements with FERC and not refer unexecuted agreements to the dispute resolution process in section 12.

Response:

• BPA reminds customers that they retain their right to apply to FERC under sections 210, 211, 211A, and 212 of the Federal Power Act. BPA’s proposal does not limit this right.

• As a nonjurisdictional utility, BPA is not subject to FERC’s filing requirements for jurisdictional utilities promulgated under Federal Power Act sections 205 and 206.

• The tariffs of other nonjurisdictional utilities, such as WAPA, do not include an obligation for the transmission provider to file unexecuted service agreements with FERC.

• BPA believes its proposal provides customers with beneficial options to resolve disputes related to unexecuted service agreements on an informal basis or through arbitration.
Dispute Resolution Response to Comments

Comment: Removing the *pro forma* Section 15.3 requirement to present tariff and service agreement disputes to FERC for resolution (notwithstanding BPA’s legal arguments for doing so) effectively broadens the scope of the section 12.1 internal dispute resolution procedures.

Response:

- The dispute resolution procedures in proposed Section 12.1 would apply to disputes regarding executed service agreements *and* unexecuted service agreements (section 15.3). It would not apply to disputes related to rates.

- BPA believes that providing customers with the beneficial option to resolve the dispute informally or through binding arbitration could resolve the disputes more quickly, cost less, and avoid the need for litigation.

- Customers retain the right to seek review at FERC under Federal Power Act sections 210, 211, 211A, and 212 or seek review by the Ninth Circuit.
Dispute Resolution Response to Comments

Comment: Why does BPA’s proposed section 12.3 retain the reference to “applicable Commission regulations or Regional Transmission Group rules” for arbitration decisions and filing of the arbitration decision with FERC if it affects jurisdictional services.

Response:
• BPA proposed to retain the pro forma references applying “applicable Commission. regulations and Regional Transmission Group rules” to arbitration decisions because some of BPA’s customers may be subject to FERC’s jurisdiction or Regional Transmission Group rules. These rules would not apply if not applicable.
• BPA proposed to retain the pro forma FERC filing references for jurisdictional services because some of BPA’s customers may be subject to FERC’s jurisdiction and may have filing obligations related to the arbitration decision.
• BPA reminds customers that BPA will not file the arbitration decision, service agreements, or its Tariff with FERC.

Request for additional comment:
• BPA acknowledges that these references may not be necessary, but seeks additional comment.
• Should section 12.3 omit the references to FERC and Regional Transmission Group arbitration rules and the filing of arbitration decisions impacting jurisdictional services with FERC?
Billing Dispute Resolution Response to Customer Comments

BPA’s proposal: Section 7.3 applies when customers fail to pay their transmission bill by its due date. In the event of default, the transmission provider may notify the customer of its plan to terminate service and the transmission customer may use the dispute resolution procedures to contest termination.

Comment: BPA should clarify its plans regarding the transmission billing dispute procedures document posted on the BPA website.

Response:
• BPA notes that the customer comment described a pending dispute. BPA declines to comment on the facts or issues of the pending dispute.
• On its website, BPA posted a document entitled “Transmission Billing Dispute Procedures” to provide additional detail for billing dispute procedures. Since posting this document, BPA determined the procedures may be more appropriate for a business practice.
• BPA plans to utilize the new business practice process, currently under development, to adopt the transmission billing dispute procedures. BPA will notify customers when BPA is ready to begin the process for the business practice on transmission billing dispute procedures.

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Direct Assignment Facilities Response to Comments

Comment: Will decisions about customer responsibility for the costs of direct assignment facilities be incorporated into the Tariff process?

Response: No. Pursuant to sections 19 and 32, decisions about direct assignment facilities will be made during the Study process and reflected in the customers’ service agreement. Contracts executed pursuant to the tariff are not in scope of the Tariff process.

Comment: What is the remedy for decisions regarding direct assignment facilities?

Response: Pursuant to Section 19.3, the Customer may follow the procedures for unexecuted service agreements in Section 15.3 (i.e., customer may choose to use dispute resolution procedures). Nothing in BPA’s proposal limits customers’ right or ability to apply to FERC under sections 210, 211, 211A, and 212 of the Federal Power Act.
Study Process and Attachment K Response to Comments

Certain customers expressed concerns with BPA’s proposal to defer making changes to its Study Process and Attachment K to the TC-22 proceeding. Specifically, concerns were identified regarding potential disparate treatment between customers seeking service on BPA’s network vs. its intertie facilities, and NCU seeks to ensure that these facilities will be adequate to accommodate investments in new generation and efficient market operation throughout the Western Interconnection.

In response, we note the following in relation to BPA’s Study Process:

- BPA staff last engaged customers on alternatives for conducting studies in response to intertie TSRs in April, 2015. There, BPA staff presented and requested customer feedback on multiple alternatives. In response, customers expressed opposition to using any BPA resources in conducting TSR-based studies for its interties. BPA suspended activities related to performing intertie studies following this feedback.

- BPA’s tariff allows each customer to request to have its TSR studied, either on an individual or clustered basis. To-date, no customer has requested that BPA perform a study to increase intertie capacity in response to submitted TSRs.
Study Process and Attachment K Response to Comments (Continued)

In addition, we note the following in relation to BPA’s Attachment K Planning Process:

• Bonneville’s transmission planning process is laid out in Attachment K, which incorporates FERC Order No. 890 principles but does not incorporate all of FERC’s Order 1000 reforms;

• Bonneville’s Attachment K planning is not a determination of what investments Bonneville makes or how Bonneville will recover its costs for such investments;

• Bonneville participates in coordinated regional transmission planning as a member of ColumbiaGrid; and

• Members of ColumbiaGrid and the Northern Tier Transmission Group (NTTG) currently are participating in efforts to scope the formation of a single organization that will perform coordinated regional transmission planning.
NT Conditional Firm
1. What is the pro forma?

- BPA's currently offers Network Integration Service (NT) on a Conditional Firm (CF) basis. This practice is not pro forma nor industry standard.

- FERC noted it was not necessary for transmission providers to offer CF service to NT customers because these flexibilities were inherent in NT service.

- Network (NT) Conditional Firm is not in the pro forma tariff.
What’s in BPA’s Tariff

The sections below have direct or indirect reference to NT CF in BPA’s current Tariff and are under review:

• 1.46 – System Condition (definition)
• 28.3 – Network Integration Transmission Service
• 28.7 – Transmission Provider Obligation to Provide Network Integration Transmission Service that Requires Conditional Curtailment
• 32.3 – System Impact Study Procedures
• 33.4 – Curtailments of Scheduled Deliveries
What is the Scope of the Analysis?

Determine if BPA should retain NT CF language in new Tariff.

- Perform preliminary industry scan/tariff scan.
- Determine *pro forma* language in new tariff.
- Define *pro forma* NT service for customers.
2. What did we hear?

- Articulation and definition of what *pro forma* NT service would look like. (May 30, 2018)
- Lack of support for any option that does not provide firm service to Network Customers’ current and forecast loads. (September 15, 2017)
- Instead of allowing more customers to access limited existing capacity, BPA should create incremental capacity on its system as required by sections 13.5, 15.4, and 28.2 of the *Pro-Forma OATT*. (September 15, 2017)
- Detailed plan to serve all forecast network load on firm transmission. (August 11, 2017)
Industry Scan

After performing an industry scan BPA was able to identify one other transmission provider that offers NT CF to its customers.
What are the Alternatives?

Alternative 1: Status Quo
- BPA retains Conditional Firm NT Service language in the new tariff.

Alternative 2: Propose *pro forma* language in new tariff
- This alternative will not retain NT CF language
  - BPA will continue to define *pro forma* NT Service and develop a comprehensive implementation plan for doing so.
    - This may require a phased in approach as BPA defines, develops and implements service attributes.
    - Moves BPA closer to implementation of the *pro forma* tariff for NT Service (e.g. Modeling NT forecasts/DNRs in the ATC base case, Planning Redispatch, etc.).
Pro Forma Attributes of NT Service

• Planning Horizon
  – Include NT load and resource forecasts in the ATC base case study through the Transmission Integrated Planning Process (Commercial Assessment)
  – Planning Redispatch (once BPA refines its study process)
  – Participation in System Impact and Facilities Studies (TSEP)

• Firm transmission reservations within the NERC horizon

• Redispatch
  – Federal
  – Non-Federal

• Secondary NT Service

• Network Operating Agreement
Next Steps

BPA will continue with its analysis with the intent of providing a proposal on tariff language to customers at the August customer workshop.
NT Workshop Timeline

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<tr>
<td>Develop industry analysis</td>
<td>Identify alternatives</td>
<td>June 26th Customer Workshop</td>
<td>Discuss alternatives</td>
<td>Aug 14th Post proposed tariff language</td>
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<tr>
<td>Customers review alternatives and provide feedback</td>
<td>Customers review proposed tariff language and provide feedback</td>
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Pre-Decisional. For Discussion Purposes Only.
NT Conditional Firm Tariff Proposal Summary

| 1. What is the pro forma? | • Network (NT) Conditional Firm is not in the pro forma tariff.  
| | • FERC did not feel it was necessary for transmission providers to offer CF service to NT customers because they felt these flexibilities were inherent in NT service. |
| 2. What did we hear? | Bonneville has received a variety comments from a broad range of customers in various contexts. Bonneville is in the process of reviewing all customer comments. |
| 3. What are we proposing? | • BPA's tariff includes Network Integration Service (NT) on a Conditional Firm (CF) basis. This language is not pro forma or industry standard.  
| | • FERC did not feel it was necessary for transmission providers to offer CF service to NT customers because they felt these flexibilities were inherent in NT service.  
| | • BPA needs to make the decision of whether or not to retain the NT CF language in light of the directive to adopt pro forma language.  
| | • BPA intends to engage customers in subsequent workshops to discuss alternatives which will include a pro forma alternative.  
| | • Customers will have the opportunity to provide comments on alternatives at subsequent workshops. |
| 4. If not proposing pro forma, then which TC-20 tariff principles apply? | Pro forma (if removed)  
| | Or  
| | 1. BPA’s statutory and legal obligations, authorities, or responsibilities.  
| | 3. Preventing significant harm or providing significant benefit to BPA’s mission or the region. |
| 5. Why are we proposing this position? | TBD |
| 6. What are the change impacts? | TBD |
| 7. Is there a rate case impact? | 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. |

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NT Redispatch and Attachment M
1. What is the *pro forma*?

- FERC *pro forma* is to implement NT Redispatch from all Network Resources on a least-cost, non-discriminatory basis.
- Section 30.5 states: “As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by the Transmission Provider pursuant to Section 33.2. To the extent practical, the redispatch of resources pursuant to this section shall be on a least cost, non-discriminatory basis between all Network Customers, and the Transmission Provider.”
- Under a *pro forma* tariff, if the Transmission Provider identifies a constraint on its transmission system, it must reduce all firm transactions on the constrained facility pro rata.
- However, Section 33.2 states: “To the extent the Transmission Provider determines that the reliability of the Transmission System can be maintained by redispatching resources, the Transmission Provider will initiate procedures pursuant to the Network Operating Agreement to redispatch all Network Resources and the Transmission Provider’s own resources on a least-cost basis without regard to the ownership of such resources.”
- There is no Attachment M in the *pro forma* tariff.
2. What did we hear?

• There have been a number of discussions over the past several years between BPA and NT customers on the topic of NT Redispatch.

• BPA and NT customers recognize the complexity of non-federal NT Redispatch and the need to put in place detailed protocols for how BPA would implement non-federal NT Redispatch should it do so.
What is BPA’s Current Tariff Language?

BPA’s Tariff differs from the NT redispatch provisions of the *pro forma* tariff in that it provides it with the ability to request redispatch solely from the Federal Columbia River Power System (FCRPS) rather than all Network Resources.
What is BPA’s Current Tariff Language? (Continued)

• Under Sections 30.5 and 33.2, NT Customers must make their Network Resources available for redispatch. The non-*pro forma* phrase, “Except as provided in Attachment M” provides Bonneville the option to rely upon the NT redispatch procedures set out in Attachment M.

• Attachment M provides Transmission with the ability to request Discretionary, NT, and Emergency redispatch of the Federal Columbia River Power System (FCRPS), to relieve transmission constraints or maintain the reliability of the Transmission System.
What is BPA’s Current Tariff Language? (Continued)

Attachment M provides for three types of redispatch:

• Discretionary Redispatch – BPA-TS may request redispatch from BPA-PS prior to the curtailment of any firm or non-firm transmission schedules (PTP or NT) in order to avoid or ameliorate curtailments. There is no obligation to request or provide Discretionary Redispatch.

• NT Firm Redispatch – BPA-TS requests BPA-PS redispatch from the FCRPS for the purpose of maintaining firm NT schedules after BPA-TS has curtailed non-firm transmission schedules (NT and PTP) in NERC curtailment priority order consistent with NERC curtailment priorities. BPA-TS curtails firm PTP schedules and requests NT Redispatch from the FCRPS proportionate to the non-de minimis amounts of firm PTP and NT flows impacting the congested path. BPA-PS will provide NT Redispatch from FCRPS to the extent available and to the extent that the provision of NT Redispatch does not violate non-power constraints.

• Emergency Redispatch – BPA-TS requests redispatch from BPA-PS upon declaration of a system emergency as defined by NERC. Emergency Redispatch must be provided even if by so providing BPA-PS will violate non-power constraints.
Tariff Alternatives Considered

Alternative 1 – Status Quo:
  – NT Redispatch: BPA would have the ability to provide NT Redispatch solely from the FCRPS or from all Network Resources
  – Attachment M: Retain in the tariff

Alternative 2 – Pure Pro Forma:
  – NT Redispatch: Provide NT Redispatch from all Network Resources
  – Attachment M: Remove from tariff and do not provide Discretionary and Emergency Redispatch

Alternative 3 – Partial Pro Forma:
  – NT Redispatch: Pro Forma (provide NT Redispatch from all Network Resources)
  – Attachment M: Retain Discretionary and Emergency redispatch through non-pro forma language in the tariff

Alternative 4 – Partial Pro Forma:
  – NT Redispatch: BPA would have the ability to provide NT Redispatch solely from the FCRPS or from all Network Resources
  – Attachment M: Remove from tariff and provide Discretionary and Emergency Redispatch through the Redispatch and Curtailment Business Practice

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3. What are we proposing?

BPA proposes to revise the Tariff to be consistent with Alternative 4:

- BPA proposes to maintain its ability to provide NT Redispatch solely from the FCRPS or from all Network Resources by replacing the “except as provided in Attachment M” language with language that accomplishes this objective.

- BPA proposes to remove Attachment M from the tariff, but retain the provision of Discretionary and Emergency Redispatch from the federal system through the Redispatch and Curtailment Business Practice.
4. If not proposing *pro forma*, then which TC-20 tariff principles apply?

- Maintaining BPA’s ability to provide NT Redispatch solely from the FCRPS or from all Network Resources is a deviation from *pro forma* that, at this time, provides significant benefit to BPA’s mission and the region.

- The removal of Attachment M is consistent with *pro forma*. 

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5. Why are we proposing this position?

- BPA believes that maintaining BPA’s ability to provide NT Redispatch solely from the FCRPS or from all Network Resources provides significant benefit to BPA’s mission and the region because:
  - There are currently few non-federal designated network resources that would provide significant NT Redispatch capability.
  - The amount of non-federal designated network resources capacity that could actually provide additional reliable capacity in the direction needed based on location is minimal at this time.
  - It is a benefit to the region to maintain the option to rely on the FCRPS alone for NT Redispatch because those resources can be directly dispatched by BPA without relying on a few outside resources to make up what would likely be a very small part of the relief required.
  - The benefit to the region of dispatching non-federal resources at this time does not justify the cost to BPA or customers for required systems changes.

- The removal of Attachment M is consistent with pro forma. The benefits to customers of Attachment M can be maintained by revisions to the Redispatch and Curtailment Business Practice.
6. What are the change impacts?

- The Redispatch and Curtailment Business Practice already reflects much of the content in the current Attachment M.

- Bonneville would make some revisions to the Business Practice to incorporate the content of Attachment M that is not already included.

7. Is there a rate case impact?

- There is no rate case impact.
Proposed Tariff Language

Section 30.5: As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispacth its Network Resources as requested by the Transmission Provider pursuant to Section 33.2. To the extent practical and at its discretion, the Transmission Provider may redispacth available Federal Columbia River Power System resources or Network Resources on a least cost, non-discriminatory basis between all Network Customers, and the Transmission Provider.
Section 33.2: During any period when the Transmission Provider determines that a transmission constraint exists on the Transmission System, and such constraint may impair the reliability of the Transmission Provider's system, the Transmission Provider will take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of the Transmission Provider's system. To the extent the Transmission Provider determines that the reliability of the Transmission System can be maintained by redispatching resources, the Transmission Provider may redispatch available Federal Columbia River Power System resources or it may initiate procedures pursuant to the Network Operating Agreement to redispatch all Network Resources and the Transmission Provider's own resources on a least-cost basis without regard to the ownership of such resources. Any redispatch of Network Resources under this section may not unduly discriminate between the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers and any Network Customer's use of the Transmission System to serve its designated Network Load.
Proposed Tariff Language (Continued)

Section 33.3: Whenever the Transmission Provider implements redispatch of available Federal Columbia River Power System resources or least-cost redispatch procedures of Network Resources in response to a transmission constraint, the Transmission Provider and Network Customers will each bear a proportionate share of the total redispatch cost based on their respective Network Load.
## NT Redispatch and Attachment M Tariff Proposal Summary

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<tr>
<th>1. What is the pro forma?</th>
<th>FERC <em>pro forma</em> is to implement NT Redispatch from all Network Resources on a least-cost, non-discriminatory basis. Discretionary and Emergency Redispatch are non-<em>pro forma</em>.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. What did we hear?</td>
<td>BPA and NT customers recognize the complexity of non-federal NT Redispatch and the need to put in place detailed protocols for how BPA would implement non-federal NT Redispatch should it do so.</td>
</tr>
<tr>
<td>3. What are we proposing?</td>
<td>BPA proposes to maintain the ability to provide NT Redispatch solely from the FCRPS or from all Network Resources. BPA also proposes to remove Attachment M from the tariff but retain the provision of Discretionary and Emergency Redispatch from the federal system through the Redispatch and Curtailment Business Practice.</td>
</tr>
<tr>
<td>4. If not proposing <em>pro forma</em>, then which TC-20 tariff principles apply?</td>
<td>Maintaining BPA’s discretion to not require redispatch of non-federal DNRs is a deviation from <em>pro forma</em> that provides significant benefit to BPA’s mission and the region. The removal of Attachment M is consistent with <em>pro forma</em>.</td>
</tr>
<tr>
<td>5. Why are we proposing this position?</td>
<td>BPA believes that maintaining BPA’s ability to provide NT Redispatch solely from the FCRPS or from all Network Resources provides significant benefit to BPA’s mission and the region because implementation of non-federal NT Redispatch <em>at this time</em> would provide little benefit in terms of effective congestion relief. It is a benefit to the region to maintain the option to rely on the FCRPS alone for NT Redispatch because those resources can be directly dispatched by BPA without relying on a few outside resources to make up what would likely be a very small part of the relief required. The removal of Attachment M is consistent with <em>pro forma</em>. The benefits to customers of Attachment M can be maintained by revisions to the Redispatch and Curtailment Business Practice.</td>
</tr>
<tr>
<td>6. What are the change impacts?</td>
<td>The Redispatch and Curtailment Business Practice will need to be revised to incorporate the content of Attachment M that is not already included in the BP.</td>
</tr>
<tr>
<td>7. Is there a rate case impact?</td>
<td>There is no rate case impact.</td>
</tr>
</tbody>
</table>

Pre-Decisional. For Discussion Purposes Only.
NT NOA and Attachment G
1. What is the *pro forma*?

- FERC *pro forma* Attachment G is blank. This allows jurisdictional utilities to determine requirements and mechanisms for Network Integration Transmission (NT or NITS) customers to coordinate with Transmission Provider on operational needs.

- FERC requires NOA to be filed with FERC.
What is BPA’s Current Tariff Language?

• Attachment G of BPA’s tariff spells out the “contractual requirements related to Network Integration Transmission Service over the Transmission Provider’s Transmission System.”

• This is a blanket approach, rather than bilateral contracts with customers.
3. What are we proposing?

Since presenting to BPA customers last August, a team has been brought together to:

- Complete and review benchmarking with a variety of utilities.

<table>
<thead>
<tr>
<th>Attachment G Contents</th>
<th>Simple list</th>
<th>Some terms</th>
<th>Substantial terms</th>
<th>Full NOA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entities using this format</td>
<td>WAPA</td>
<td>Southern Co.</td>
<td>Avista Duke</td>
<td>BPA</td>
</tr>
<tr>
<td></td>
<td>PacifiCorp</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Puget</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NYISO</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Evaluate customer contracts that are potentially impacted by selected proposal.
- Complete analysis and assess alternatives.
Contract Benchmark Analysis

- Existing Transmission contracts among NT customers were evaluated against topics identified in the NOA benchmark analysis to determine areas where active contract provisions may intersect with identified NOA topics, as well as to determine whether additional topics should be considered for incorporation within a new NOA.

- Observations:
  - Approximately 190 contracts in 12 contract categories were identified as having NOA-related provisions.
  - 11 contract categories contained provisions that may be suitable for inclusion in a NOA (access, reliability standards, modification and/or removal of equipment, etc.).
  - In addition to standard provisions, many of these agreements contain specific equipment lists and/or billing arrangements for services between customers (Maintenance Obligations and Ownership ‘MO&O’, Operation and Ownership ‘O&O’, Access and Ownership ‘A&O’, etc.).
  - Approximately 80 additional short-term agreements have been identified under a separate contract initiative as requiring long-term documentation within an existing or new A&O agreement.

- Shifting to bilateral NOAs could create an opportunity for BPA and customers to fold some of these agreements into a single NOA. While initially resource-intensive, this could mean fewer contracts for BPA and its customers to administer.
3. What are we proposing? (Continued)

- Alternatives:
  - **Status quo** – No change to BPA’s current Attachment G.
  - **Simplified Approach** – A simple, high-level list of topics in Attachment G to be covered in bilateral NOAs with customers. BPA would develop standard NOA template(s) as a starting point for negotiations with individual customers for bilateral NOAs.
  - **Middle of the Road** – Attachment G includes some standard terms along with a list of topics to be covered in bilateral NOAs with customers. BPA would develop standard NOA template(s) as a starting point for negotiations with individual customers on the customer-specific topics.
  - **Full NOA Template in Attachment G** – Attachment G includes many standard terms that would not be negotiable. BPA would negotiate with individual customers for any customer-specific terms in bilateral NOAs.
  - Bonneville is not proposing to file bilateral NOAs with FERC.
5. Why are we proposing this position?

• BPA proposes the **Simplified Approach** alternative for its Attachment G.

• Key considerations included:
  – A simplified Attachment G would defer details or customer-specific needs to the individual NOAs.
  – Bilateral NOAs will provide flexibility for BPA and customers to address unique operational or other needs.
  – This approach was found to be consistent with industry practices through BPA’s benchmarking efforts.
6. What are the change impacts?

• Replacement of Attachment G with a list of topics. These topics will be covered in bilateral NOAs with individual customers.

• Subsequent development of standard NOA template(s).
  – Includes incorporation or replacement of agreements with overlapping terms and conditions.

• Execution of bilateral NOAs with customers.

• The timeline for developing template(s) and executing bilateral NOAs with customers will depend on BPA and customer availability.

7. Is there a rate case impact?

• There is no rate case impact.
Proposed Tariff Language

Attachment G

Network Operating Agreement

The Transmission Provider will provide the Network Operating Agreement when it negotiates and offers a Network Integration Transmission Service Agreement.

The Network Operating Agreement will set forth the terms and conditions under which the Network Customer will be required to operate its facilities as well as technical and operational matters associated with the provision of Network Integration Transmission Service.

The Network Operating Agreement will include, but is not limited to the following:

- Authorized Representatives of the Parties
- Network Operating Committee
- System Protection
- System Regulation and Operating Reserves
- Service Conditions
- Management of Transmission Constraints
- Emergency Procedures
- Maintenance of Facilities
- Data, Information, and Reports
- Metering
- Communications
- Transmission Losses
- Administrative Provisions
- Operational Regulatory Compliance
- Other Operational and Technical Matters as Needed
Proposed Tariff Language (Continued)

Section 29.1: Subject to the terms and conditions of Part III of the Tariff, the Transmission Provider will provide Network Integration Transmission Service to any Eligible Customer, provided that

(i) the Eligible Customer completes an Application for service as provided under Part III of the Tariff,

(ii) the Eligible Customer and the Transmission Provider complete the technical arrangements set forth in Sections 29.3 and 29.4,

(iii) the Eligible Customer executes a Service Agreement pursuant to Attachment F for service under Part III of the Tariff or requests in writing that the Transmission Provider begin to initiate service in the absence of an executed Service Agreement pursuant to Section 15.3, and

(iv) the Eligible Customer executes a Network Operating Agreement with the Transmission Provider pursuant to Attachment G
Proposed Tariff Language (Continued)

Section 35.2: The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties to

(i) operate and maintain equipment necessary for integrating the Network Customer within the Transmission Provider’s Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment),
(ii) transfer data between the Transmission Provider and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the Transmission Provider’s Transmission System, interchange schedules, unit outputs for redispatch required under Section 33, voltage schedules, loss factors and other real time data),
(iii) use software programs required for data links and constraint dispatching,
(iv) exchange data on forecasted loads and resources necessary for long-term planning, and
(v) address any other technical and operational considerations required for implementation of Part III of the Tariff, including scheduling protocols.

The Network Operating Agreement will recognize that the Network Customer shall either

(i) operate as a Control Area under applicable guidelines of the Electric Reliability Organization (ERO) as defined in 18 C.F.R. § 39.1, the regional reliability organization, and the Northwest Power Pool (NWPP),
(ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with the Transmission Provider, or
(iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies the applicable reliability guidelines of the ERO, the regional reliability organization, and the NWPP.

The Transmission Provider shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G.
**NT NOA and Attachment G Tariff Proposal Summary**

| 1. What is the *pro forma*? | • FERC *pro forma* Attachment G is blank. This allows jurisdictional utilities to determine requirements and mechanisms for Network Integration Transmission (NT or NITS) customers to coordinate with Transmission Provider on operational needs.  
• FERC requires network operating agreements to be filed with FERC. |
| 2. What did we hear? | TBD |
| 3. What are we proposing? | Simplified Approach – a simple, high-level list of topics in Attachment G, plus standard NOA template(s). NOA’s would allow for some customization with customers. |
| 4. If not proposing *pro forma*, then which TC-20 tariff principles apply? | *Pro forma* |
| 5. Why are we proposing this position? | • Flexibility to make NOA changes in the future (e.g. changing markets or operational needs) without tariff proceedings.  
• A simplified Attachment G would defer details or customer-specific needs to the individual NOAs.  
• Consideration of current resource demands for both BPA and its customers, given on-going initiatives (e.g., Rate Case and other TC-20 proceedings). |
| 6. What are the change impacts? | • Replacement of Attachment G  
• Development of standard NOA template(s) – Includes incorporation or replacement of agreements with overlapping terms and conditions.  
• Execution of NOAs with customers. |
| 7. Is there a rate case impact? | There is no rate case impact. |

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<table>
<thead>
<tr>
<th>APRIL</th>
<th>MAY</th>
<th>JUNE</th>
<th>JULY</th>
<th>AUGUST</th>
<th>SEPTEMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>Develop industry analysis</strong></td>
<td><strong>Discuss alternatives</strong></td>
<td></td>
<td><strong>Post proposed tariff language</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>BPA NT team identifies alternatives</td>
<td>June 26th Customer Workshop</td>
<td>Aug 14th</td>
<td>enlarged_box_magnifying_glass</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Customers review alternatives and provide feedback</td>
<td></td>
<td>enlarged_box_magnifying_glass</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Customers review proposed tariff language and provide feedback</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Hourly Firm
1. What is the *pro forma*?

FERC *pro forma* tariff does not include hourly firm in its service specification as outlined in Section 13.
2. What did we hear?

• Analyze and assess alternatives to achieving *pro forma* tariff to the extent possible.
• Some customers commented that BPA has taken the position that Hourly Firm is superior to *pro forma*. BPA would like to clarify that it has not taken the position that Hourly firm is superior to *pro forma*. Hourly Firm is not *pro forma*.
• Eliminate Hourly Firm & Offer Shaped Daily or Limit Hourly – Recommended alternative to hourly firm from several customers.
• Some customers commented that BPA mistakenly said that nearly all customer support the inclusion of Hourly Firm. BPA would like to clarify that it heard from several customers that they recommend eliminating the Hourly Firm product as an alternative to Status Quo.
Hourly Firm Decision Criteria

- Does not negatively impact financial health
- Flexibility to serve regional load at least cost
- Incentivizes accurate long-term request information
- Maintains FERC curtailment priority intent
- Satisfies statutory and legal obligations
- Supports reliable system operations
- Supports participation in markets

In addition to BPA’s pro forma strategic guidance as principles for the new tariff, the Hourly Firm Decision Criteria is being used to assess all Hourly Firm alternatives.
Hourly Firm Alternative Attributes

- Duration
- Limiting Method
- Reservation Window
- Preemption
- Competition
### Hourly Firm Alternatives Explanation

<table>
<thead>
<tr>
<th>Alternative</th>
<th>Rationale for analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlimited Hourly Firm (Status Quo)</td>
<td>Existing product. Provides baseline. Not an option being considered moving forward.</td>
</tr>
<tr>
<td>Eliminate Hourly Firm</td>
<td>A <em>pro forma</em> option. Was the recommendation from the Utilicast assessment and PFGA project.</td>
</tr>
<tr>
<td>Eliminate Hourly Firm &amp; Offer Shaped Daily</td>
<td>Provides a daily product that maintains some of the flexibility of hourly firm.</td>
</tr>
<tr>
<td>Limit Hourly Firm</td>
<td>Maintains the product and adds an ATC limitation on sales and redirects.</td>
</tr>
</tbody>
</table>
Hourly Firm Alternatives

From the possible combinations of alternatives, BPA has selected four alternatives to evaluate that include variants for each product attribute.

<table>
<thead>
<tr>
<th>Alternative</th>
<th>Pro forma</th>
<th>Duration</th>
<th>Limiting</th>
<th>Reservation window (Open → Close)</th>
<th>Preemption</th>
<th>Competition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlimited Hourly Firm (Status Quo)</td>
<td>No</td>
<td>Hourly</td>
<td>Yes, TLR Avoidance</td>
<td>9:00 AM Preschedule day → 20 minutes before flow</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Eliminate Hourly Firm</td>
<td>Yes</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Eliminate Hourly Firm &amp; Offer</td>
<td>No</td>
<td>Daily</td>
<td>Yes, with ATC</td>
<td>Preschedule day to day ahead (11:40 PM)</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Shaped Daily</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limit Hourly Firm</td>
<td>No</td>
<td>Hourly</td>
<td>Yes, with ATC</td>
<td>9:00 AM day ahead → 20 minutes before flow</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

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Unlimited Hourly Firm (Status Quo)

New Product Description: No new product. Keep the existing hourly firm product (unlimited on the network, but limited on the intertie) without modification.

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increment</td>
<td>Hourly</td>
</tr>
<tr>
<td>Reservation Window</td>
<td>9:00 AM day ahead to 20 minutes prior to flow</td>
</tr>
<tr>
<td>Limiting Method</td>
<td>TLR Avoidance: Operations can temporarily stop reservations during forecasted periods of congestion.</td>
</tr>
<tr>
<td>Preemption</td>
<td>Not enabled: would provide limited use since limiting is on an exception basis</td>
</tr>
<tr>
<td>Competition</td>
<td>Not enabled: would provide limited use since limiting is on an exception basis</td>
</tr>
</tbody>
</table>
Eliminate Hourly Firm

**New Product Description**: No new product. Remove the Hourly Firm product with no replacement. Hourly Firm would not be available on the network or intertie.

<table>
<thead>
<tr>
<th>Attributes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Increment</td>
<td>N/A</td>
</tr>
<tr>
<td>Reservation Window</td>
<td>N/A</td>
</tr>
<tr>
<td>Limiting Method</td>
<td>N/A</td>
</tr>
<tr>
<td>Preemption</td>
<td>N/A</td>
</tr>
<tr>
<td>Competition</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Eliminate Hourly Firm & Offer Shaped Daily

New Product Description: Shaped Daily - Remove the Hourly Firm product and Offer a shaped daily product (a daily product offered in hourly increments).

<table>
<thead>
<tr>
<th>Attributes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Increment</td>
<td>Daily</td>
</tr>
<tr>
<td>Reservation Window</td>
<td>Preschedule day to day ahead (11:40 PM)</td>
</tr>
<tr>
<td>Limiting Method</td>
<td>ATC methodology. TLR Avoidance available if needed.</td>
</tr>
<tr>
<td>Preemption</td>
<td>Not Enabled. Daily products become firm 1:00 AM on preschedule day. Sales window opens at 9:00 AM on preschedule day. Therefore preemption and competition would not run on the shaped daily product.</td>
</tr>
<tr>
<td>Competition</td>
<td>Not Enabled. Same explanation as preemption.</td>
</tr>
</tbody>
</table>
Limit Hourly Firm

New Product Description: Modify existing product limiting with ATC and conforming to preemption and competition standards.

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increment</td>
<td>Hourly</td>
</tr>
<tr>
<td>Reservation Window</td>
<td>9:00 AM day ahead to 20 minutes prior to flow</td>
</tr>
<tr>
<td>Limiting Method</td>
<td>ATC methodology. TLR Avoidance available if needed.</td>
</tr>
<tr>
<td>Preemption</td>
<td>Enabled</td>
</tr>
<tr>
<td>Competition</td>
<td>Enabled</td>
</tr>
</tbody>
</table>
# Hourly Firm Transmission Service Tariff Proposal Summary

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. What is the pro forma?</td>
<td>FERC <em>pro forma</em> tariff does not include hourly firm in its service specification outlined in Section 13.</td>
</tr>
<tr>
<td>2. What did we hear?</td>
<td>Analyze and assess alternatives to achieving <em>pro forma</em> tariff to the extent possible.</td>
</tr>
<tr>
<td>3. What are we proposing?</td>
<td>No proposal at this time (See alternatives).</td>
</tr>
<tr>
<td>4. If not proposing <em>pro forma</em>, then which TC-20 tariff principles apply?</td>
<td>BPA intends to engage customers in workshops to address alternatives to its current provision of hourly service, including a <em>pro forma</em> alternative.</td>
</tr>
<tr>
<td>5. Why are we proposing this position?</td>
<td>No proposal at this time (See alternatives).</td>
</tr>
<tr>
<td>6. What are the change impacts?</td>
<td>No proposal at this time (See alternatives).</td>
</tr>
<tr>
<td>7. Is there a rate case impact?</td>
<td>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.</td>
</tr>
</tbody>
</table>

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Hourly Firm TC-20 Workshop Timeline

<table>
<thead>
<tr>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop usage and industry analysis</td>
<td>Identify Alternatives</td>
<td>BPA draft alternatives presented at Customer Workshop</td>
<td>Incorporate customer feedback</td>
<td>BPA initial proposal presented at Customer Workshop</td>
</tr>
</tbody>
</table>

June 26th Customer Workshop

Aug 21st Customer Workshop

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Ancillary Services
1. What is the *pro forma*?

FERC *pro forma* tariff includes:

- FERC *pro forma* language for Schedule 3 “Regulation and Frequency Response Service” includes language requiring the Transmission Provider to take into account the speed and accuracy of regulation resources in its determination of Regulation and Frequency Response reserve requirements.

- FERC *pro forma* Tariff includes a Schedule 9 “Generator Imbalance Service”

- FERC elected to not adopt a standardized Schedule 10 for generator regulation services. Instead they will consider individual proposals brought by transmission providers.
Ancillary Services
Presented at the April 23, 2018 workshop

TC - 20 Workshops
Schedule 3
Schedule 9
Schedule 10

Business Practice Workshops
Balancing Reserves, Business Practice

Gen Inputs Rates Workshops
Rates for Services

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2. What did we hear?

**Schedule 3**
- Limited number of comments, but those received were supportive of adding language for speed and accuracy.

**Schedule 9**
- Lack of clear guidance as to what “physically feasible” means under the *pro forma* and how a transmission provider is to go about determining how to implement it.
- There is nothing in Schedule 9 clarifying that BPA’s legal obligations to its preference customers shapes the extent of its obligation to generators under Schedule 9.
- “Physically feasible” language potentially conflicts with proposed Schedule 10 and the underlying draft Balancing Reserve Business Practice (the “Draft Business Practice”) incorporated therein. The Draft Business Practice states that “BPA will use reasonable efforts to supply sufficient Balancing Reserve capacity to cover a 99.7 percent planning standard of balancing error events.” Question of whether BPA is required to provide more than the 99.7 percent planning standard amount if physically feasible to do so.
2. What did we hear? (Continued)

Schedule 10

Generally, the Commenting Parties do not support moving key determinations that could impact rates to a separate business practice.

• BPA should follow the industry standard by including “those practices that affect rates and service significantly, that are realistically susceptible of specification, and that are not so generally understood in any contractual arrangement as to render recitation superfluous” into the BPA Tariff.

• FERC, and the courts, have often expressed concern when transmission providers use business practices, or other informal documentation to “significantly affect...rates, terms or conditions”.

• Provisions that “significantly affect rates, terms, and conditions” of service must be included in the tariff, while items better classified as implementation details may be included only in the business practices.
3. What are we proposing?

Schedule 3:

- For Schedule 3 we are not proposing any change to our Schedule 3 language provided at the April workshop.
  - Include *pro forma* language on accounting for Speed and Accuracy in the TC-20 Initial Tariff Proposal.
  - No need to continue to discuss in future TC-20 workshops.
3. What are we proposing? (Continued)

Schedule 9:

• After reviewing customers comments, BPA has decided to modify its proposed Schedule 9 language to link physically feasible to capacity forecast in schedule 10.

New Schedule 9 language:

“Pursuant to Schedule 10, the Transmission Provider must offer the amount of balancing reserve capacity forecasted for 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.”
3. What are we proposing? (Continued)

Schedule 10:

- BPA is in the process of reviewing customer comments and evaluating the merits of identifying the planning standard in the Business Practice vs the Tariff vs the 7(i) process

- BPA will provide an update and potentially modified Schedule 10 language at the July workshop
4. If not proposing *pro forma*, then which TC-20 tariff principles apply?

The change in schedule 9 language aligns to Principle 2:
  • Maintain the reliable and efficient operation of the federal system;

5. Why are we proposing this position?

Key considerations leading to BPA’s proposing to make this change to Schedule 9 language include:

1. Maintain the reliable and efficient operation of the federal system,
2. Clearly describe the services BPA provides, and
3. Provide clear guidance on how BPA will implement the physically feasible requirement of schedule 9, with BPA’s proposal for Schedule 10 and the underlying draft Balancing Reserve Business Practice, which defines the use of a 99.7 percent planning standard of balancing error events.
Next Steps

Schedule 9

- BPA made edits to the physically feasible language in Schedule 9 and we would like to provide customers an opportunity to comment on the edits.
  -- Please provide any feedback on the proposed language by July 10, 2018.

- At the August workshop, BPA will provide an update on the status of the proposed language for Schedule 9.

Schedule 10

- At the July workshop BPA will provide an update on Schedule 10 language.
## Ancillary Service Tariff Proposal Summary

| 1. What is the *pro forma*? | *Pro forma* tariff includes:  
• Schedule 3: Includes language requiring the Transmission Provider to take into account the speed and accuracy of regulation resources in its determination of Regulation and Frequency Response reserve requirements  
• Schedule 9: FERC *pro forma* Tariff includes a Schedule 9 “Generator Imbalance Service”  
• Schedule 10: FERC elected to not adopt a standardized Schedule 10 for generator regulation services. Instead they will consider individual proposals brought by transmission providers. |
|---|---|
| 2. What did we hear? | • Schedule 3: Limited number of comments, but those received were supportive of adding language for Speed and Accuracy.  
• Schedule 9: Lack of clear guidance as to what “physically feasible” means under the *pro forma* and how a transmission provider would go about determining how to implement it.  
• Schedule 10: Generally, customers do not support moving key determinations that could impact transmission rates out of the rate case proceedings to a separate business practice. |
| 3. What are we proposing? | • Schedule 3: Include *pro forma* language on accounting for Speed and Accuracy in the TC-20 Initial Tariff Proposal.  
• For Schedule 9: Add language to Schedule 9 to link physically feasible to capacity forecast in schedule 10. |
| 4. If not proposing *pro forma*, then which TC-20 tariff principles apply? | • Schedule 3; *Pro forma*.  
• Schedule 9; *Pro forma* 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. and 2. Maintain the reliable and efficient operation of the federal system  
• 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. |
| 5. Why are we proposing this position? | Maintain the reliable and efficient operation of the federal system. |
| 6. What are the change impacts? | Business Practices will need to be developed or revised to incorporate the language of Schedule 3, 9 and 10. |
| 7. Is there a rate case impact? | Recovery of costs and rate design for ancillary services will be in the BP-20 rate case. |

Pre-Decisional. For Discussion Purposes Only.
Generation Interconnection (Attachment L and N)
1. What is the *pro forma*?

BPA’s LGIP and SGIP and the FERC *pro forma*: Attachments L and N to the tariff

- Based on FERC Orders 2003 and 2006

- Structure and content language of procedures *pro forma* (but many non-process deviations caused by statutory and jurisdictional factors)

- NEPA obligation causes a significant deviation from *pro forma*

- Multiple FERC Orders amend the *pro forma* without publishing a complete conformed text
3. What are we proposing?

• Deviations for statutory reasons (including many in current Tariff as well as new ones needed for new *pro forma* language being integrated)

• New *pro forma* language that hasn’t been formally published (including Order 845)

• Best practice deviations derived from many jurisdictional utilities (MISO, CAISO, WAPA, Tri-State)
### Proposed ‘Best Practices’ Deviations

<table>
<thead>
<tr>
<th>Intended outcome</th>
<th>Purpose</th>
<th>Language in:</th>
<th>Sections impacted</th>
<th>Overall summary</th>
<th>Best practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>First ready/First build</td>
<td>Encourages more rapid development of new generation and greater equity</td>
<td>LGIP, SGIP. Possible in IAs</td>
<td>Those discussing queue priority and cost allocation</td>
<td>Requires clear methodology and language to allow progress out of queue order with no discriminatory bias.</td>
<td>Found in Interconnection procedures of many FERC-jurisdictional utilities</td>
</tr>
<tr>
<td>Pro rata cost sharing</td>
<td>Eliminates funding roadblock for large capital interconnection facilities and upgrades</td>
<td>LGIP, SGIP. Possible in IAs</td>
<td>Those discussing queue priority and cost allocation</td>
<td>Uses MW generating capacity to spread major costs more equitably. Will include a ‘latecomer’ provision</td>
<td>Found in Interconnection procedures of many FERC-jurisdictional utilities</td>
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<td>Strengthen Milestones language in NEPA section</td>
<td>Helps manage project progress towards construction preventing requests ‘sitting’ inactively.</td>
<td>Single sections in L and SGIP</td>
<td>Affects compliance with ‘tendering’ requirements for IAs</td>
<td>Addresses a procedural loophole created inadvertently by the existing BPA NEPA deviation and pro forma sections elsewhere.</td>
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## Generation Interconnection (Attachment L and N) Tariff Proposal Summary

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<tbody>
<tr>
<td><strong>1. What is the <em>pro forma</em>?</strong></td>
<td>Attachments L and N to the Tariff which are based on FERC Orders 2003 and 2006</td>
</tr>
<tr>
<td><strong>2. What did we hear?</strong></td>
<td>TBD</td>
</tr>
</tbody>
</table>
| **3. What are we proposing?** | • First ready/first build – Requires clear methodology and language to allow progress out of queue order with no discriminatory bias.  
• Pro rata cost sharing – Uses MW generating capacity to spread major costs more equitably. Will include a ‘latecomer’ provision  
• Milestone NEPA language – Addresses a procedural loophole created inadvertently by the existing BPA NEPA deviation and *pro forma* sections elsewhere. |
| **4. If not proposing *pro forma*, then which TC-20 tariff principles apply?** | 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. |
| **5. Why are we proposing this position?** | TBD |
| **6. What are the change impacts?** | TBD |
| **7. Is there a rate case impact?** | TBD |
## GI TC-20 Workshop Timeline

<table>
<thead>
<tr>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
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<tbody>
<tr>
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<tr>
<td><strong>Develop proposed tariff language</strong></td>
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<td>June 26th Customer Workshop</td>
<td>Scope of tariff changes presented at Customer Workshop</td>
<td>August 21st Customer Workshop</td>
<td>LGIP, SGIP, LGIA &amp; SGIA redlines posted changes presented</td>
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<td>July 23rd Customer Workshop</td>
<td>Customers provide feedback on tariff changes</td>
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LGIP, SGIP, LGIA & SGIA proposal posted

Pre-Decisional. For Discussion Purposes Only.
Next Steps
Next Steps

• Comment period
  – Customers should submit comments by July 11, 2018 to the techforum@bpa.gov
    • NT Redispatch and Attachment M
    • NT NOA and Attachment G
    • Hourly Firm
    • Ancillary Services
    • Generation Interconnection (Attachments L and N)

• Future Tariff workshops, as discussed this morning, will help develop proposed tariff language.