

PRINCIPLES OF SETTLEMENT FOR THE BP-26E RATE PROCEEDING

This Settlement Agreement (“Agreement”) sets forth the principles of settlement among the Bonneville Power Administration (“Bonneville”) and parties to the BP-26E rate proceeding (“BP-26E Proceeding”) as provided in section I.C of this Agreement (such parties in the singular, “Party,” in the plural, “Parties”).

I. GENERAL TERMS

- A. In the BP-26E Proceeding, Bonneville Staff will file testimony that recommends that the Administrator adopt a proposal for revisions to the “EIM Neutrality and Uplift Charges and Credits” in Section IV, “Energy Imbalance Market Services and Rates,” of Bonneville’s ACS-26 rate schedule. Section II of this Agreement includes the revised rate schedule language Staff will propose.
- B. This Agreement settles all issues related to the Energy Imbalance Market Services and Rates in the BP-26E Proceeding.
- C. Bonneville will notify the Hearing Officer about this Agreement and move the Hearing Officer to (1) require any party in the BP-26E Proceeding state any objection to the Agreement by a date established by the Hearing Officer; and (2) specify that any party in the proceeding that does not state an objection to the Agreement by such date will waive its rights to preserve any objections to the Agreement and will be deemed to assent to this Agreement.
- D. If in response to the Hearing Officer’s order made pursuant to section I.C, any party in the BP-26E Proceeding states an objection to the Agreement, Bonneville and any non-objecting Party to this Agreement will have two business days from the date of the objection to withdraw its assent to the Agreement. If Bonneville or any Party to this Agreement withdraws its assent to the Agreement, Bonneville shall promptly schedule a meeting with the Parties to this Agreement to discuss how to proceed. Bonneville will provide notice of the meeting and the opportunity to participate to parties in the BP-26E Proceeding.
- E. This Agreement will terminate on September 30, 2028, except that, if the Administrator does not adopt this Agreement in the Final Record of Decision in the BP-26E Proceeding, the Agreement will be void *ab initio*.
- F. **Preservation of Settlement**
 - 1. The Parties agree not to contest this Agreement in the BP-26E Proceeding, or any other forum, or the implementation of this Agreement pursuant to its terms, through the end of Fiscal Year 2028.

2. The Parties agree to waive their rights to file testimony, submit data requests, conduct cross examination, file briefs, and present oral argument in the BP-26E Proceeding with respect to any issue within the scope of the Agreement, except in response to issues raised by any party in the proceeding that objects to this Agreement in response to the Hearing Officer's order made pursuant to section I.C.
 3. Bonneville and the Parties agree that this Agreement does not constitute consent or agreement in any future Bonneville proceeding, and that they retain all of their rights to take and argue whatever position they believe appropriate as to such matters in such proceedings.
 4. Bonneville and the Parties acknowledge that this Agreement reflects a compromise in their positions with respect to the issues within the scope of the Agreement, and that acceptance of the settlement does not create or imply any agreement with any position of Bonneville or any other Party. Bonneville and the Parties agree not to assert in any forum that anything in the Agreement, or that any action taken or not taken with regard to this Agreement by Bonneville or any Party, the Hearing Officer, the Administrator, the Federal Energy Regulatory Commission, or a court, creates or implies: (1) agreement to any particular or individual treatment of costs, expenses, or revenues; (2) agreement to any particular interpretation of Bonneville's statutes; (3) any precedent under any contract or otherwise between Bonneville and any Party; or (4) any basis for supporting any Bonneville rate or general rate schedule provision for any period after the end of Fiscal Year 2028.
 5. Bonneville and the Parties agree that this Agreement establishes no precedent and that Bonneville and the Parties will not be prejudiced or bound thereby in any proceeding, except as specifically provided in this Agreement. Bonneville and the Parties will not be deemed to have approved, accepted, agreed or consented to any concept, theory or principle underlying or supposed to underlie any of the matters provided for in this Agreement.
- G. Conduct, statements, and documents disclosed in the negotiation of this Agreement will not be admissible as evidence in the BP-26E Proceeding, any other proceeding, or any other judicial or administrative forum, nor will the fact that Bonneville and/or the Parties entered into this settlement be cited or used in any future proceedings or Administrator decisions as support for any matters, other than application or enforcement of this Agreement.

H. Reservation of Rights

1. Except as provided in section I.F.2 above, no Party waives any of its rights, under Bonneville's enabling statutes, the Federal Power Act, or other applicable law, or to pursue any claim that a particular charge, methodology, practice, or rate

schedule has been improperly implemented.

2. Bonneville and the Parties reserve the right to respond to any filings, protests, or claims by Bonneville, any Party, or others; however, the Parties will not support a challenge to any rates, terms and conditions, or other matters described in this Agreement.
- I. If, because of a ruling issued in response to a legal challenge, Bonneville is required to materially modify or discontinue any of the rates, terms and conditions, or other matters provided in this Agreement, Bonneville may seek, and the other Parties agree not to contest, a stay of enforcement of that ruling until after the end of Fiscal Year 2028.
- J. Nothing in this Agreement is intended in any way to alter the Administrator’s authority and responsibility to periodically review and revise the Administrator’s rates and terms and conditions of transmission service or the Parties’ rights to challenge such revisions.
- K. Notwithstanding section I.E of this Agreement, sections I.F, I.G, and I.H will survive termination or expiration of this Agreement.

II. MODIFICATION OF ACS-26 RATE SCHEDULE

- A. The proposed revised “EIM Neutrality And Uplift Charges And Credits” shown below will replace Section IV.D of the ACS-26 rate schedule effective on the “go live” date of the California Independent System Operator’s (CAISO) Extended Day Ahead Market (EDAM) and remain in effect through the end of Fiscal Year 2028. For purposes of clarity, additions and revisions are shown in italics.

“D. EIM Neutrality And Uplift Charges And Credits

1. **EIM BAA Real-Time Market Neutrality (Real-Time Imbalance Energy Offset EIM)** Any charges to the BPA EIM entity pursuant to Section 29.11(e)(3) of the MO Tariff for EIM BAA real-time market neutrality will be sub-allocated to Transmission Customers on the basis of EIM Measured Demand.
2. **EIM Entity BAA Real-Time Congestion Offset** Any charges to the BPA EIM entity pursuant to Section 29.11(e)(2) of the MO Tariff for the EIM real-time congestion offset will be allocated to Transmission Customers on the basis of EIM Measured Demand.
3. **EIM Entity Real-time Marginal Cost of Losses Offset** Any charges to the BPA EIM entity pursuant to Section 29.11(e)(4) of the MO Tariff for real-time marginal cost of losses offset will be sub-allocated to Transmission Customers on the basis of EIM Measured Demand.

4. **EIM Entity Real-Time Greenhouse Gas Cost Offset** Any charges to the BPA EIM entity pursuant to Section 29.11(e)(5) of the MO Tariff for real-time greenhouse gas cost offset will be sub-allocated to Transmission Customers on the basis of EIM Metered Demand.
5. **EIM Transfer Revenue** Any charges to the BPA EIM entity pursuant to Section 29.11(e)(6) of the MO Tariff for EIM Transfer Revenue will be sub-allocated to Transmission Customers on the basis of EIM Measured Demand.
6. **EIM Neutrality Settlement (Other Neutrality Adjustments)** Any charges to the BPA EIM Entity pursuant to Section 29.11(e)(7) of the MO Tariff for EIM neutrality settlement will be sub-allocated as follows:

Description	Allocation
Neutrality Adjustment (monthly and daily)	EIM Measured Demand
Rounding Adjustment (monthly and daily)	EIM Measured Demand

7. **Real-Time Unaccounted For EIM Energy Settlement (UFE)** Any charges to the BPA EIM entity pursuant to Section 29.11(c) of the MO Tariff for UFE will be sub-allocated to Transmission Customers on the basis of EIM Measured Demand.”

- B. If the CAISO adopts any additional EIM and Neutrality Uplift charge codes prior to the start of the BP-29 rate proceeding, Bonneville will convene a public meeting within 60 days of Federal Energy Regulatory Commission approval of such charge codes to determine whether to conduct an expedited rate case to incorporate the charge codes.