



August 15th, 2025

Submitted via BPA's Tech Forum (techforum@bpa.gov)

SHELL ENERGY comments on BPA Grid Access Transformation

Shell Energy North America US, L.P. (Shell Energy) appreciates the opportunity to provide comments on Bonneville Power Administration's (BPA) GAT Draft Language and to participate in the Grid Access Transformation workshops. Shell Energy believes it is vital that fair access to the transmission system be a core consideration in the reform effort and that consideration is given to all use cases of the transmission system during the policy development process. While Shell Energy is aware of the desire to adhere to an ambitious implementation timeline, we urge BPA to consider scheduling a stakeholder-led workshop as a means of fostering robust discussion around impactful subjects including business readiness criteria and securitization. Shell Energy is concerned that the capital requirements and holding costs associated with the securitization framework in its current form may be prohibitive for many entities in the region. Therefore, careful consideration should be given to this aspect of the design as a means of avoiding inadvertent impacts on competition and any subsequent downstream effects on the ability to develop the resources necessary to meet the region's clean energy targets and reliability needs.

Securitization Amounts Under LTF Queue Management

Shell Energy supports BPA's goal of discouraging speculative queue positions and aligning financial commitments with commercial readiness. However, a flat, high securitization may have the unintended effect of entrenching well-capitalized developers, disproportionately burdening smaller entities and subsequently suppressing competition. A uniform requirement of ~\$120,000/MW risks driving this outcome. Shell Energy recommends that BPA contemplate a stepped, calibrated, risk-proportionate approach to securitization as outlined below:

No new build or previously approved plan of service: 1–3 years of revenue

- For "service on the existing system" and/or TSRs with de minimis flow-based impact

Minor new build with limited reinforcements, no long-lead permitting: 2–3 years of revenue

- Where PEA, ESA or further study may be necessary

Major build - Significant plan-of-service with large cost exposure: 3–5 years of revenue

- Aligned with the Draft Language's current five-year structure, and should be reserved for projects that trigger major upgrades

Draws on Security

Shell Energy recommends that draws on security be codified and proportionate to BPA's actual, non-recoverable costs so that there is a full understanding of what can trigger a draw, how the draw will be sized, and what opportunities exist to cure before any funds are taken. Shell Energy suggests that BPA enumerate various cost categories (completed preliminary engineering, third-party consulting and environmental work, procurement hold fees, externally imposed coordination expenses, documented internal processing etc.) and cap draws to the lesser of the sum of those incurred, non-recoverable costs or a defined portion of the calibrated revenue-year security that corresponds to the missed milestone period. Further, Shell Energy suggests that draws occur on a time-phased basis (for example monthly or semiannual) and only for costs already incurred as a means of discouraging punitive, one-time liquidations.

BPA should consider providing customers with a cure period before any draw (for example, ten business days for contract execution-related issues) thereby creating a reasonable opportunity for customers to remedy administrative or timing errors without impairing BPA's interests. To preserve value and minimize the likelihood of unnecessary liquidations, customers should also have a standard right to assign or novate their TSR to a qualified buyer who meets BPA's credit and readiness standards.

The term "good standing" should be defined explicitly to avoid ambiguity. At a minimum, it should include the absence of payment defaults beyond an agreed grace period, timely achievement of milestones or approval of milestone extensions, an active LOC meeting credit criteria, the absence of termination notices, and delivery of required project updates.

Northwest Market Hub (NWH)

Shell Energy suggests that BPA introduce a Tier-2 NWH offering for start dates between 181 and 365+ days after submittal. This Tier-2 path would retain all of BPA's existing posture for NWH (reassessment-only conditional firm, no extensions for commencement, and no study toward firm service) while adding a narrowly tailored, incremental securitization requirement to compensate for the additional planning exposure that accompanies the longer lead.

Data Validation and Duplicative Requests

BPA may consider developing a methodology to identify and manage duplicative requests—submissions from the same customer that overlap in POR/POD combinations, volumes, or timeframes and/or appear to serve essentially the same commercial position. A potential solution is to define "duplicative TSRs" and create tools to consolidate them, require the customer to elect among them, or apply escalating, non-refundable processing fees to discourage excessive parallel submissions on the same constrained flow-based paths.

Shell Energy thanks BPA for accepting and considering these comments.

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