

# **Commercial Readiness**

---

## **BPA Transmission Business Practice**

Version 2

TBD

## Commercial Readiness

### Version 2

This business practice describes the Commercial Readiness requirements for Interconnection Requests in the Standard Large Generator Interconnection Process (LGIP) and the Large Generator Interconnection Transition Process.

#### BPA Policy References

- [Open Access Transmission Tariff \(OATT\)](#): Attachments L; Attachment R

For more information, visit the [BPA Transmission Business Practices webpage](#) or submit questions to [techforum@bpa.gov](mailto:techforum@bpa.gov).

### Table of Contents

A. Evidence Requirements for Commercial Readiness Milestone Options.....	1
B. Deposit Requirements for Commercial Readiness .....	5
C. Commercial Readiness Submittal.....	7
D. Commercial Readiness Deposit Refund .....	8

## A. Evidence Requirements for Commercial Readiness

### Milestone Options

1. Valid forms of Commercial Readiness Milestone Options are set forth in the BPA OATT Sections 6.6.1 and 7.5.1 of the LGIP and Sections 2.1.2, 3.2.1, and 3.3.1 of Attachment R.
2. The following are the requirements for each Commercial Readiness Milestone Option with the exception of the Commercial Readiness Deposit, which is described in Section A.5 and Section B.
  - a. An executed term sheet (or comparable evidence) related to a contract for sale, as specified in Sections 6.6.1(a), 7.5.1(a) of the LGIP and Sections 2.1.2(a), 3.2.1(a), and 3.3.1(a) of Attachment R of the BPA OATT, which must include the following:
    - i. Queue number related to the Interconnection Request.
    - ii. MW to be sold.
    - iii. Generator fuel type that matches the information in the Interconnection Request.

- iv. Clear identification of Interconnection Customer and counterparty (the purchasing entity).
  - v. Purchased product (facility, facility's generation, or ancillary services).
  - vi. Term of sale that is five (5) years or longer.
  - vii. Signatures of Interconnection Customer and counterparty (purchasing entity).
- b. Documentation of active negotiations (or the equivalent, e.g., an ongoing relationship), as specified in Section 6.6.1(b) of the LGIP and Sections 2.1.2(b) and 3.2.1(b) of Attachment R of the BPA OATT, must be in the form of an attestation from a designated representative of the counterparty in negotiation with Interconnection Customer and must include the following:
  - i. Queue number related to the Interconnection Request.
  - ii. MW to be sold.
  - iii. Generator fuel type that matches the information in the Interconnection Request.
  - iv. Clear identification of Interconnection Customer and counterparty (prospective purchasing entity).
  - v. Product being negotiated for sale (facility, facility's generation, or ancillary services).
  - vi. Term of sale that is five (5) years or longer.
  - vii. Signature of the designated representative of the counterparty in negotiation.
- c. An executed contract, as specified in Section 6.6.1(c) of the LGIP and Sections 2.1.2(c) and 3.2.1(c) of Attachment R of the BPA OATT, must include the following:
  - i. Queue number related to the Interconnection Request.
  - ii. MW to be sold.
  - iii. Generator fuel type that matches the information in the Interconnection Request.
  - iv. Clear identification of Interconnection Customer and counterparty.
  - v. Product being purchased (facility, facility's generation, or ancillary services).
  - vi. Term of sale that is five (5) years or longer.
  - vii. Signatures of Interconnection Customer and counterparty (purchasing entity).
- d. Documentation consistent with Section 6.6.1(d) and 7.5.1(c) of the LGIP and Sections 2.1.2(d), 3.2.1(d) and 3.3.1(e) of Attachment R, showing that the facility was selected in a Resource Plan by or for a Load-Serving Entity (LSE) or appears on a final shortlist for a Resource Solicitation Process with the approval or acknowledgment of the appropriate applicable authority. For example, a state

public utilities commission's approval or acknowledgment of an Investor-Owned Utility's Resource Plan.

- e. A site-specific purchase order for Generating and/or Interconnection Facilities equipment, as specified in Section 6.6.1(e) of the LGIP and Sections 2.1.2(e) and 3.2.1(e) of Attachment R of the BPA OATT, must:
  - i. Take the form of an acknowledged, counter-signed purchase order reflecting binding commitments by Interconnection Customer to buy and the supplier to supply the equipment for the Interconnection Request;
    1. BPA will not accept reservations of equipment under master-supply agreements or blanket purchase agreements as proof of a site specific purchase order.
    2. BPA will accept proof that equipment reserved under a master-supply agreement or blanket purchase agreement was ordered by Interconnection Customer and that order was accepted by the supplier as specified in the agreement. Interconnection Customer must clearly explain and provide evidence of how it has met this standard.
  - ii. Be supplemented with the terms and conditions applicable to the purchase order, where relevant to establishing a binding agreement or requirements in this section, including provisions outlining the timing of performance. Only commercially sensitive pricing information may be redacted;
  - iii. Identify the purchasing company which must be the same as Interconnection Customer identified on the Interconnection Request;
  - iv. Identify delivery location as the site address as identified on the Interconnection Request; and
    1. If the site address does not match the site of the Interconnection Request, a delivery receipt must be included that shows:
      - a. Equipment serial number;
      - b. Delivery address; and
      - c. Delivery date.
  - v. Identify purchased equipment as either a generator, battery, inverter, or power transformer.
    1. If the purchased equipment is incapable of enabling the full MW of the Interconnection Request, Interconnection Customer must submit a Commercial Readiness Deposit as specified in Section A.5.
    2. Equipment must match the equipment Interconnection Customer has identified in the Interconnection Request, models, and diagrams.
    3. Equipment must meet performance requirements specified in Technical Requirements for Interconnection to the BPA Transmission Grid (STD-N-000001).

- a. Of note, transformers must be sized to allow for the full MW of requested Interconnection Service and reactive power. BPA uses a power factor of 95% to validate that a transformer is minimally sized in MVA to enable the full requested Interconnection Service level in MW of an Interconnection Request.
- 4. The technical parameters of transformers, such as the number of transformers, voltage, MVA, or other specifications, must match the plan of service for the Interconnection Request as identified in the most recently issued study report.
- f. Reasonable evidence of transmission service reservation for the Generating Facility, as specified in Section 6.6.1(f) of the LGIP and Sections 2.1.2(f) and 3.2.1(f) of Attachment R of the BPA OATT, such as evidence establishing:
  - i. Point of Receipt that matches the Interconnection Request's POI identified in the most recently issued study report; and
  - ii. AREF number for a CONFIRMED Transmission Service Reservation (TSR) or Designated Network Resource (DNR).
    - 1. Interconnection Customer must be the customer that owns the AREF for a TSR or the DNR. However, Interconnection Customer may provide an AREF owned by another entity if Interconnection Customer can establish that Interconnection Customer and that entity have common ownership or a subsidiary/parent relationship. Interconnection Customer must submit an additional attestation from the entity that owns the transmission capacity associated with the TSR that acknowledges Interconnection Customer's relationship to that entity.
    - 2. A Forecasted TSR (FTSR) is not reasonable evidence of transmission service.
- 3. Interconnection Customer may submit multiples of each option and a combination of the Commercial Readiness Milestone Options described in Section A.2.a, A.2.b, A.2.c, or A.2.d.
- 4. Interconnection Customer submitting a Commercial Readiness Milestone Option described in Section A.2.e or A.2.f is limited to one option but may submit multiples of that option.
- 5. If Interconnection Customer submits evidence of a Commercial Readiness Milestone Option that is less than the full MW of the Interconnection Request, a percentage of the Commercial Readiness Deposit must be submitted as specified in Sections 6.6.1(g) and 7.5.1(f) of the LGIP and Sections of 2.1.2(h), 3.2.1(h), and 3.3.1(g) of Attachment R.
  - a. The required percentage of the Commercial Readiness Deposit can be identified by dividing the remaining MW by the total MW of the Interconnection Request.
    - i. For example, if Interconnection Customer submits a non-financial Commercial Readiness Milestone Option demonstrating a sale of 30 MW of a 100 MW Interconnection Request, the remaining unsold 70 MW divided by the total 100 MW of Interconnection Request is .7. Interconnection Customer's Commercial Readiness Deposit would be 70% of the amount that would have been owed if the entire Commercial

Readiness demonstration was made by Commercial Readiness Deposit. The manner of calculating the Commercial Readiness Deposit varies based on the timing of the demonstration as outlined in the BPA OATT.

## B. Deposit Requirements for Commercial Readiness

1. As specified in Sections 6.6.1 and 7.5.1 of the LGIP and Sections 2.1.2, 3.2.1, and 3.3.1 of Attachment R, Interconnection Customer may submit a Commercial Readiness Deposit in the form of a cash deposit, irrevocable letter of credit (Letter of Credit), or a deposit in an escrow account that is established by Interconnection Customer (Escrow Account).
  - a. Commercial Readiness Deposits can only be in one form and cannot be a combination of two or more forms of a Commercial Readiness Deposit.
  - b. If a previously provided Commercial Readiness Deposit is less than the new Commercial Readiness Deposit required, the amount required will be less any Commercial Readiness Deposits provided to date.
  - c. If a previously provided Commercial Readiness Deposit is larger than the new Commercial Readiness Deposit required, the difference will be refunded or released to Interconnection Customer.
2. Cash deposits:
  - a. Interconnection Customer must remit cash deposits directly to BPA in accordance with Section C.5.a.
  - b. Consistent with Section 13.3.3 of the LGIP, Interconnection Customer will not earn interest on cash deposits.
3. Letter of Credit:
  - a. The financial institution issuing the Letter of Credit must have a Senior Unsecured Credit Rating from Moody's or Standard & Poor's equivalent to an "A" or better.
  - b. Interconnection Customer must use the BPA Irrevocable Standby Letter of Credit template available on BPA's [Large Generator Interconnection Procedures \(LGIP\) website](#).
    - i. Any edits to template language require pre-approval by BPA. Requests to modify the template language must be sent 30 Calendar Days in advance of the deadline to submit Commercial Readiness as specified in the LGIP or Attachment R by email to [CRDepositAdmins@bpa.gov](mailto:CRDepositAdmins@bpa.gov).
  - c. Interconnection Customer cannot use one Letter of Credit for multiple Interconnection Requests.
  - d. A Letter of Credit must include:
    - i. The issuing bank name, phone number, and Letter of Credit number;
    - ii. Interconnection Customer's legal name, address, and contact information;
    - iii. BPA as the "Beneficiary" with the following information:  
Bonneville Power Administration

ATTN: Credit Risk Analyst – CBC-7  
 905 NE 11th Avenue  
 Portland OR, 97232  
 Phone: (503) 230-3831

- iv. The Interconnection Request (i.e., Queue) number;
- v. Total amount being credited in U.S. Dollars;
- vi. The clearly stated expiration date; and
- vii. The signature of an official of the issuing bank.
- e. Interconnection Customer is responsible for all costs associated with the Letter of Credit.
- f. A Letter of Credit must be valid for the entirety of the interconnection study process.
  - i. Interconnection Customer must submit a renewed Letter of Credit to BPA no later than 11 Business Days before the expiration of the Letter of Credit. If the Letter of Credit is 10 Business Days from expiration, BPA will draw the full amount of the Letter of Credit to hold as a cash Commercial Readiness Deposit.
  - ii. BPA will accept Letters of Credit with automatic renewal provisions if the issuer of the Letter of Credit is required to provide at least 60 Calendar Day notice of termination or nonrenewal of the Letter of Credit.
- 4. Escrow Account:
  - a. An Escrow Account and the related agreement must be with a federally chartered financial institution specified by BPA, which will act as Escrow Agent for Interconnection Customer. For information on establishing an Escrow Account send a written request to [CRDepositAdmins@bpa.gov](mailto:CRDepositAdmins@bpa.gov).
  - b. Interconnection Customer must execute an Escrow Agreement and establish and fund an Escrow Account in advance of Commercial Readiness submittal.
    - i. Interconnection Customer is responsible for all costs associated with the Escrow Account.
    - ii. Interconnection Customer cannot act as an agent for subsidiaries when establishing escrow.
  - c. Interconnection Customer will acknowledge in the Escrow Agreement that the Escrow Account is for the benefit of BPA.
  - d. Interconnection Customer must notify [CRDepositAdmins@bpa.gov](mailto:CRDepositAdmins@bpa.gov) of the establishment of an Escrow Account for a Commercial Readiness Deposit.
  - e. Interconnection Customer must notify [CRDepositAdmins@bpa.gov](mailto:CRDepositAdmins@bpa.gov) prior to the deposit of funds for the associated Interconnection Request into the established Escrow Account.
  - f. Interconnection Customer must ensure that the Escrow Agent notifies [CRDepositAdmins@bpa.gov](mailto:CRDepositAdmins@bpa.gov) of the Escrow Agent's receipt of the deposited funds and the associated sub-account.



## C. Commercial Readiness Submittal

1. To continue to the Phase Two Cluster Study, a demonstration of Commercial Readiness must be submitted during the Phase One Cluster Study Customer Review Period and the Customer Review Period after a Phase One Cluster Re-Study, if any.
2. To continue to the Interconnection Facilities Study, a demonstration of Commercial Readiness must be submitted during the Phase Two Cluster Study Customer Review Period and the Customer Review Period after a Phase Two Cluster Re-Study, if any.
3. For each Interconnection Request, Interconnection Customer must submit a demonstration of Commercial Readiness by providing the following:
  - a. The applicable redemonstration form, identifying which Commercial Readiness Milestone Option or Options are being used and other key information.
  - b. Supplemental documentation when utilizing a non-financial Commercial Readiness Milestone Option and remittance of funds when utilizing a Commercial Readiness Deposit.
4. Interconnection Customer must complete the applicable redemonstration form and submit the form during the relevant demonstration period to [GI\\_ClusterStudies@bpa.gov](mailto:GI_ClusterStudies@bpa.gov). The form requires identification of the following:
  - a. Which Commercial Readiness Milestone Option or Options are being used.
  - b. The Interconnection Request's queue number that the Commercial Readiness submittal applies to.
  - c. When using a non-financial Commercial Readiness Milestone Option, Interconnection Customer must provide documents evidencing the utilized option in Portable Document Format (PDF).
5. Commercial Readiness Deposits shall be submitted in accordance with the following:
  - a. Cash deposit shall be remitted in accordance with the criteria described below:
    - i. For instructions to pay the deposit by electronic funds transfer to BPA, either through FedWire or Automated Clearing House (ACH), please reference [BPA Payment Instructions](#). Interconnection Customer may contact BPA's Accounts Receivable at (503) 230-5788 or Interconnection Customer's assigned Transmission Account Executive with questions.
    - ii. When using FedWire for electronic transfer, after "OBI" include the letters "CR" and the applicable queue number.
    - iii. When using the ACH type of electronic transfer, include the words "GI Commercial Readiness Deposit" and the applicable queue number in the "memo" field on the transfer.
    - iv. For all follow-on payments, include the BPA contract number of the related Cluster Study Agreement (if known).
    - v. In limited circumstances, paper checks will be acceptable if Interconnection Customer demonstrates they are unable to pay electronically. Contact your Transmission Account Executive for instructions.



- b. A Letter of Credit shall be in accordance with Section B.3 and must be submitted to [CRDepositAdmins@bpa.gov](mailto:CRDepositAdmins@bpa.gov). For detailed instructions contact [CRDepositAdmins@bpa.gov](mailto:CRDepositAdmins@bpa.gov).
  - c. Escrow Account deposits shall be in accordance with Section B.4. For detailed instructions contact [CRDepositAdmins@bpa.gov](mailto:CRDepositAdmins@bpa.gov).
- 6. BPA will only validate submittals of Commercial Readiness during Customer Review Periods as specified in Sections C.1 and C.2.
  - a. BPA will validate Interconnection Customer's renewal of a Letter of Credit submitted outside of the Customer Review Periods as specified in Section B.3.f.
- 7. BPA will endeavor to review Commercial Readiness for validity within 15 Business Days of the close of the Customer Review Period. BPA will only accept a single Commercial Readiness demonstration submission for each Interconnection Request during a single Customer Review Period.
- 8. Interconnection Customer's failure to submit a demonstration of Commercial Readiness during the applicable Customer Review Period or failure to meet all applicable standards in a demonstration of Commercial Readiness, will result in BPA deeming the request withdrawn and providing written notice to Interconnection Customer consistent with Section 3.7 of the LGIP.

## **D. Commercial Readiness Deposit Refund**

- 1. Interconnection Customer will receive the refundable portion of a Commercial Readiness Deposit when the requirements detailed in Section 13.3.3 of the LGIP are met.
- 2. Commercial Readiness Deposit refunds/releases will be made to the entity whose name is on the Interconnection Request and the W9e:Request for Taxpayer Identification Number and Certification form as follows:
  - a. Cash deposits:
    - i. BPA will refund cash deposits to the entity identified on the Interconnection Request.
    - ii. BPA will notify Interconnection Customer by email prior to the release of a cash deposit.
  - b. Letter of Credit:
    - i. BPA will notify Interconnection Customer by email when BPA has authorized the release of a Letter of Credit.
  - c. Escrow:
    - i. BPA will notify Interconnection Customer by email of BPA's request to the Escrow Agent authorizing the release funds from the Escrow Account.
    - ii. Escrow Agent will notify BPA at [CRDepositAdmins@bpa.gov](mailto:CRDepositAdmins@bpa.gov) and Interconnection Customer of the release date of the funds to Interconnection Customer.
- 3. BPA will undertake reasonable efforts to complete refunds within six (6) months of the start of the next study or Re-Study.

- a. If Interconnection Customer's demonstration of Commercial Readiness made under Section C.1 or C.2 results in all or a portion of Interconnection Customer's Commercial Readiness Deposit being eligible for a refund, BPA will:
- i. Undertake reasonable efforts to complete partial or total refunds of cash Commercial Readiness Deposits;
  - ii. Undertake reasonable efforts to complete partial or total refunds of funds held in an Escrow Account for a Commercial Readiness Deposit; or
  - iii. Undertake no action to release a Letter of Credit if a partial refund is owed.
    1. An Interconnection Customer using a Letter of Credit Commercial Readiness Deposit must undertake efforts to amend the existing Letter of Credit to reflect changes in the Commercial Readiness Deposit value within the applicable Customer Review Period.
    2. Interconnection Customer must ensure the amendment timing allows BPA approval of any amendment within the Customer Review Period.
    3. BPA will approve the amendment if the value meets the required Commercial Readiness Deposit amount.