



TO

**THE
BONNEVILLE POWER ADMINISTRATION**



**REPORT OF THE INDEPENDENT EVALUATOR
REVIEW AND VALIDATION OF 2016 FILINGS**

September 22, 2016

Submitted by:

ACCION GROUP, LLC
244 North Main Street
Concord, New Hampshire 03301
advisors@acciongroup.com

**REPORT OF ACCION GROUP, LLC
INDEPENDENT EVALUATOR FOR BONNEVILLE POWER ADMINISTRATION
REVIEW AND VERIFICATION OF 2016 FILINGS**

I. EXECUTIVE SUMMARY

Accion Group, LLC (“Accion”) was selected by Bonneville Power Administration (“Bonneville” or “BPA”) to serve as Independent Evaluator (“IE”) for the Oversupply Management Protocol Program (“Program”). Accion created and administers the website (“Website” or “Program Website”) through which the Program is managed.

The Program provides for compensation of Generators when their generation is displaced by Federal generation. Bonneville designed the Program to ensure displacement is done on a least-cost basis, to ensure that lower-cost Generators are displaced prior to higher-cost Generators. All Generators must submit data in support of their costs. The Program is conducted through the Program Website designed to the specifications identified by Bonneville. The Website provides a disclosure form to be completed and submitted by owners (“Generators”) for each generating facility that feeds into the Bonneville transmission system. Following the submittal of the disclosure form, the IE verifies that the Generators’ Claimed Costs are supported. The process used by the IE for verification (“Verification Process” or “Process”) was devised by Bonneville, in coordination with the IE, to provide BPA with confidence that Claimed Costs are fully supported by documentation, thus avoiding additional review tasks each time losses are claimed. The verification provides for the Independent Evaluator to randomly select and review the Submissions (or “Submittals”) of Generators to, in effect, “spot check” the data that was provided.

Ten (10) submissions were randomly selected for verification by the IE. The verification of information by the IE continues to be more efficient than in previous years, because Generators must provide supporting documentation at the time of submitting cost data, and additionally, most of the Generators have previously participated in the Program and are therefore familiar with the process. The IE found that most of the Submissions selected for verification provided adequate documentation or full cost data as part of the original Submission. As part of the Verification Process the IE reviewed all materials provided by the Generators selected for review along with supplemental documentation provided in response to requests of the IE. The IE was able to verify the costs claimed for each of the Submittals selected for verification.

The original verification request was sent to the ten (10) randomly selected Generators on April 20, 2016. All Generators responded by uploading the Verification Form by the April 29, 2016, deadline with Generators responding within the first few days. Some of the Generators provided additional explanations via the Website Message Board at the time they uploaded the requested Form. Of the ten

(10) responses by those Generators selected for Verification, nine (9) Generators submitted satisfactory and complete documentation and pricing information that permitted verification of claimed costs for some time periods of the year. One (1) of the Generators represented that they only make market sales, without the benefit of term contracts. Accordingly, the IE is unable to verify that each of the Generators selected for Verification would experience a financial loss in the event of a curtailment for the entire twelve (12) months of this measuring period. In light of the program requirements, the IE accepted the documentation as sufficient proof of the existence of supply obligations, but will not affirm that the respective Generators would experience losses in the event of curtailment, without first identifying the period of curtailment. Accordingly, if curtailment occurs, the IE is prepared to align the verification data with the period of curtailment to establish the possibility of economic loss to a Generator. To that end, the IE would require confirmation of the Generators' ability to deliver, as would be evidenced by a transmission schedule, and a contractual obligation to deliver energy or transfer RECs during the period of curtailment.

The type of documentation Generators must submit in support of their Submittal is left to the discretion of the individual Generator, however, most Generators provided documentation typical to the industry, while often being unique to the individual Generator. For instance, in some instances the Generator provided documentation that confirmed some Claimed Costs, or established an obligation to deliver energy for only part of the year, or failed to provide proof of the selling price.

As discussed below, when the "Required" or Supporting Documents regarding Submittals selected for verification were insufficient to confirm data claimed in the Submittals, the IE sought verification in a variety of ways, including direct telephone and email contact. In this manner, the IE was able to procure supporting information for all oversupply claims for each Submission selected for verification.

The IE believes this Verification Process confirmed that the Generators selected for verification would be engaged in selling electricity into the market during the program year. Each Generator provided documentation that established the likelihood the Generator would incur losses if curtailments occurred. The actual losses of Claimed Costs would need to be established after a curtailment in order to confirm actual losses were experienced.

II. 2016 OVERSUPPLY MANAGEMENT PROTOCOL WEBSITE

2016 Website

A new Silo was created using the previous 2015 Website design, in order to provide consistency in the management process for all participants; Generators, BPA personal and Administrators. In this manner the Oversupply management Website can be edited and updated to reflect improvements and current year data, while the process remains user-friendly and familiar for returning participants.

All silos for previous Program years remain on the BPA Oversupply Management so Generators can access their previous Submittals for historical reference. All of the data from previous years is maintained and accessible (archived) on the website and available to the individual Generator and the IE. This made it possible to compare past Generator participation in the Oversupply Protocol Program (2012, 2013, 2014 and 2015) to the current year's registered participants. This feature assisted Generators when reviewing past compliance filings, and provided the IE with a data base for contacting those Generators who had not registered in 2015, but were required to participate by using the contact information for 2015 or past years. As part of the annual review the IE compared prior filings with the 2015 submissions in order to identify any changes in Generating Facility ownership, etc.

The IE communicated with BPA regarding any questions as to Generator changes.

2016 Program Launch

The 2016 Website was launched on March 4, 2016. Initially, the IE identified and compared the list of Generators provided by BPA with the Generators registered on the 2014 and 2015 Program Websites in order to determine those Generators who should be contacted. The following Announcement was provided by BPA and sent to all Generators registered on the 2015 Website, notifying them to register to the 2016 Oversupply Management Program for inclusion in the Program.

3/4/2016 12:19:44 PM

As spring approaches, so do the natural elements that provide the Northwest with abundant energy resources. Each year, generators with eligible Displacement Costs must submit those costs by March 15 in order to receive compensation per our Oversupply Management Protocol adopted as Attachment P of our Tariff in 2012. This is a Tariff requirement, and not an indication that either an OMP event is imminent. BPA last used the OMP in 2012.

BPA's OMP is a tool that BPA can use at any point in the year to address oversupply issues, but historically those events are most likely to occur during the spring runoff. BPA will, to the best of its ability, give notice if there is a risk of implementing the OMP via Tech Forum notice. Operations information related to hydro, thermal and wind conditions and transmission loading can always be found on the BPA Oversupply website at www.bpa.gov/goto/oversupply.

Questions about BPA Oversupply Management Protocol may be directed to Aimee Higby at 503-230-3646.

As of today, March 4, 2016, generators can start registering on the Accion site for 2016 cost submittals at <https://oversupply.accionpower.com>. Per Attachment P, Oversupply Management Protocol, generators must submit their facility's Displacement Costs by March 15, 2016 for inclusion in the Least-Cost Displacement Cost Curve. Updates have been made to the site for submitting Displacement Costs.

Failure to submit Displacement Costs for a facility will result in a Displacement Cost of \$0/MWh for that facility. Additional details on the protocol and guidelines for Displacement Costs are available in Attachment P and in the Oversupply Management Protocol Business Practice.

As stated in BPAs Business Practice for Establishing Minimum Generation Levels and Maximum Ramp Rates for Oversupply Management, Generator operators and owners also should update their minimum generation levels in the Customer Data Entry (CDE) system.

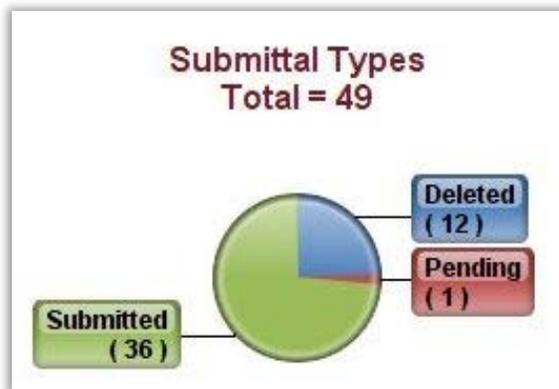
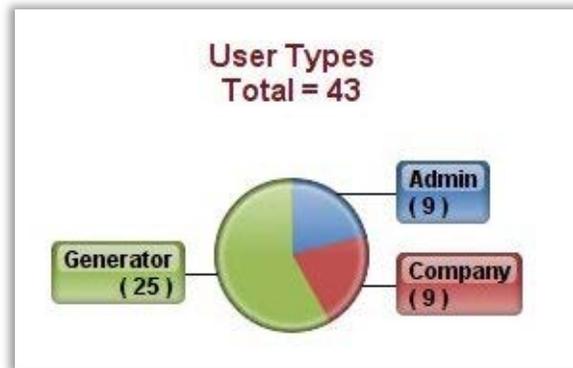
Any questions regarding the Accion website should be directed to Harry Judd at 603-229-1644 or hjudd@acciongroup.com.

Registrants and Submittals on the 2016 Website

The IE identified any Generators who participated in the 2015 Program but were not registered on the 2016 Website. For those who had not registered, the IE contacted them using registration data from the 2015 Website. Initially an email was sent, and if unresponsive, they were contacted by telephone.

Forty-three individuals registered on the 2016 Website as Generators, BPA Personnel or Site Administrators. The following charts show the status of both registrations and Submittals as of the date of this Report, and are shown in real-time on the Oversupply Management Program Website.

Total Registrants:	43
Generators Registered:	25 ¹
BPA Personnel Registrants:	9
Site Administrator Registrants:	9



Total Submittals: 36

Twelve (12) submittals that were started and subsequently deleted by Generators and new Submittals were completed.

One (1) Submittal remained Pending, as it was used by the IE/Administration for testing purposes.

Messages and Communications

Generators and the IE used the Message Board on the Website to correspond with each other. If Generators had questions or concerns regarding Submittals or the process, they were able to use the Message Board, and the IE responded also using the Message Board. In this manner a permanent record of all conversations is maintained on the Website for future reference. As of the date of Report, twenty-

¹ Includes 1 Generator who registered twice and 2 administrative test registrations.

two (22) Generators used the Message Board to send their questions or submit additional information regarding their Submittals, and thirty-five (35) messages were sent by the IE to Generators.

The IE and BPA also received three (3) emails directly from Generators who they were not participating in the program, or seeking confirmation of their need to participate in the 2016 Oversupply Management Program.

Information from Generators was collected on the Program Website. Each Generator was provided a confidential, individual Submittal Book. The Submittal Book had a separate file system for each generating facility identified by the Generator. In a few instances, Generators responded to telephone inquiries with return calls or direct email responses and the IE transferred the information to the corresponding Submittal Book, in order to maintain a record for future regulatory review.

Submittal Process

Via the Website, on their Submittal Form, each Generator was required to provide monthly cost data for Light Load Hours (“LLH”) and Heavy Load Hours (“HLH”). Alternatively, the Generator could decline to claim LLH or HLH by a simple “click” on the Submittal Form, resulting in “0” costs claimed. Generators were also provided the option of claiming Renewable Energy Certificates (“RECs”), or, alternatively, declining to do so.

All of the data from previous years’ Programs is maintained and accessible (archived) on the website and available to the individual Generator and the IE. This made it possible to compare past Generator participation in the Oversupply Protocol Program (2012, 2013, 2014 and 2015) to the current year’s registered participants. This feature assisted Generators when reviewing past compliance filings, and provided the IE with a data base for contacting those Generators who had not registered in 2016, but were required to participate by using the contact information for 2015 or past years. As part of the annual review the IE compares prior filings with the 2016 submissions in order to identify any changes in Generating Facility ownership, etc., and communicates with BPA regarding any questions as to Generator changes.

Accordingly, the IE reached out to the Generators who had not registered, and those who had not provided monthly cost data, and all were given the opportunity to register and complete a Submittal Form to verify they were not claiming costs, or to support the costs they claimed.

When completing the online Form, Generators were provided the opportunity to revise their statement of costs before submission. Also, Generators are permitted to revise cost data on a prospective basis, with the revised cost data being employed two (2) months after the month in which the revision was submitted.

Submittal Extension

When the initial Submittal deadline passed, the IE reviewed the status of registrations and Submittals, and noted that not all Generators who have previously participated in the Oversupply Program had completed Submittals. Additional time for missing Generators to submit their data was allowed, and therefore the Submittal Period was extended for all Generators. On March 30, 2016, the following email was sent to all Generators on both the 2015 and 2016 Websites:

*From: oversupply@acciongroup.com
To: [Generator]*

*Subject: 2016 Oversupply Management Protocol Generator Displacement Costs
Submittal Period Re-opened*

BPA is reopening the submittal period for generators to submit their facility's Displacement Cost for those who missed the March 15 deadline date. The submittal window will open on March 30, 2016, and close at midnight of April 1, 2016. Generators may register on the Accion site for 2016 cost submittals at <https://oversupply.accionpower.com>. Per Attachment P, Oversupply Management Protocol, generators must submit their facility's Displacement Costs for inclusion in the Least-Cost Displacement Cost Curve.

Failure to submit Displacement Costs for a facility will result in a Displacement Cost of \$0/MWh for that facility. Additional details on the protocol and guidelines for Displacement Costs are available in Attachment P and in the Oversupply Management Protocol Business Practice.

Any questions regarding the Accion website should be directed to Harry Judd at 603-229-1644 or hjudd@acciongroup.com.

BPA's OMP is a tool that BPA can use at any point in the year to address oversupply issues, but historically those events are most likely to occur during the spring runoff. BPA will, to the best of its ability, give notice if there is a risk of implementing the OMP via Tech Forum notice. Operations information related to hydro, thermal and wind conditions and transmission loading can always be found on the BPA Oversupply website at www.bpa.gov/goto/oversupply.

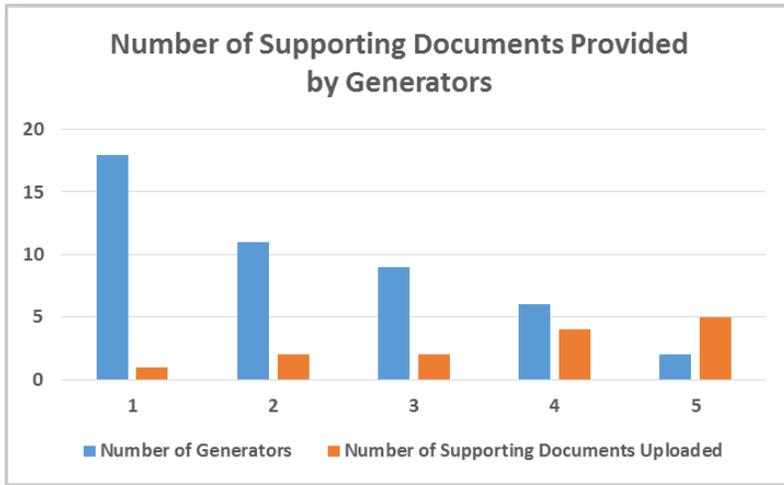
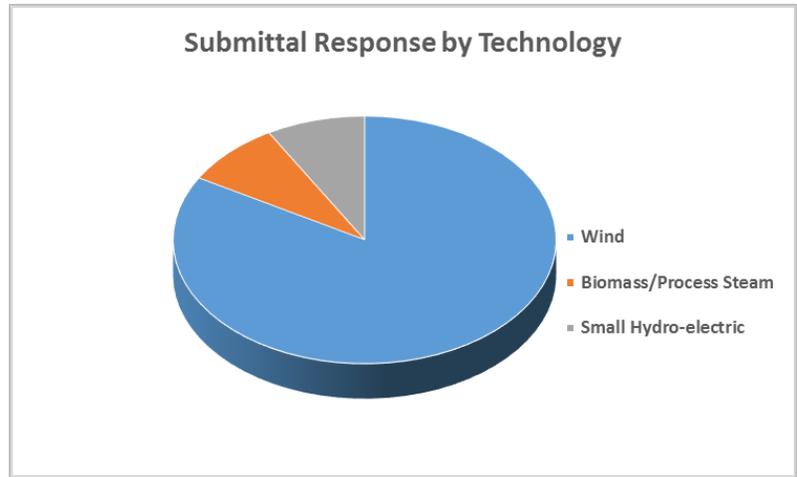
Questions about BPA Oversupply Management Protocol may be directed to Aimee Higby at 503-230-3646.

Logged: 3/30/2016 7:04:17 AM

Eventually all Generators who were required to complete the Submittal did so, except for one. The IE reached out several times to this Generator, however, despite email and telephone communication, this Generator did not respond until after the extended Submittal period ended. This Generator had also been contacted during the first Submittal Period, however, despite the IE's efforts via telephone and email, this Generator did not register on the 2016 Website, nor was any information or explanation provided to the IE by the Generator.

Submittal Response

Eighteen (18) Generators submitted thirty-six (36) Submittal Forms as follows:



Generators were required to upload documentation supporting the Displacement Cost data included in their Submittal Forms. All Generators provided at least one document, eleven (11) submitted a second supporting document, nine (9) uploaded a third document, six (6) Generators uploaded a fourth document and two (2) Generators provided a sixth document.

III. DATA COLLECTION PROCESS

When completing the online Form, Generators were provided the opportunity to revise their statement of costs before submission. Also, as previously noted in this Report, Generators are permitted to revise cost data on a prospective basis, with the revised cost data being employed two (2) months after the month in which the revision was submitted.

IV. VERIFICATION PROCESS

The Verification Process was undertaken in a manner to minimize the burden on Generators. Accion used the same model used in prior years to randomly select the Submittals that would be subject to additional scrutiny. The randomization model was run repeatedly to confirm that random re-sorting occurred, and to effectively "scramble" the Submittals. The Submittals were entered into the process

using the Submission identification number, and not the name of the Generator or the project name, to avoid even the appearance of predetermination.

The following **Table 1** provides the randomized ranking of the Submissions for 2016.

Table 1

GENERATOR/IDENTIFICATION NUMBER	RANDOMIZED IDENTIFICATION NUMBER
140-01	0.922813854
142-01	0.934853307
144-04	0.347838498
150-01	0.454042317
147-05	0.358320454
148-01	0.401876685
130-02	0.645832095
131-01	0.182125530
144-06	0.042548462
150-02	0.748817283
130-01	0.382833064
149-01	0.707334001
145-01	0.914232581
130-07	0.245133831
132-01	0.341705903
154-01	0.599227497
130-06	0.761897685
130-03	0.406392849
130-05	0.052361082
134-02	0.381271621
134-01	0.242989125
138-02	0.352266912
137-02	0.65122016
130-08	0.907212979
147-04	0.905101877
130-04	0.102545342
141-02	0.520879115
146-02	0.194778168
130-10	0.897005475
153-01	0.091597930
130-09	0.357749071
137-01	0.109557889
136-01	0.39027710
139-01	0.025129328
130-11	0.754009915
144-05	0.758405465

This Program year, 18 Generators completing 36 Submittals. One (1) Generator notified BPA and the IE it was not submitting costs for two (2) facilities and therefore chose not to complete submittals, and two (2) submitted forms claiming 0. Three (3) had not submitted their Submittals when the submission date ended. Subsequently, it was necessary for the IE to follow-up with those Generators who had not finalized their Submittals, in order to verify their intent. In addition, some of the Generators completed the Submission Form, but did not have qualifying costs, or were not required to participate in the Program. The IE reached out to BPA personnel if assistance was required to determine the eligibility for Generators to participate in the Program. This review completed the list of Generators included in the randomization review by the IE.

Table 2 identifies the ten (10) Submissions selected for verification by the IE. The ten (10) were taken from the randomization presented in **Table 1** and reordered to be in numeric order with the name of the Generator added.

Table 2 FINAL SUBMISSION SELECTION FOR VERIFICATION	
Generator/ Identification Number	Facility
144-06	Redacted
131- 01	Redacted
144- 04	Redacted
147- 05	Redacted
148- 01	Redacted
150- 01	Redacted
130- 02	Redacted
150- 02	Redacted
140- 01	Redacted
142- 01	Redacted

The Generator for each of the ten (10) Submissions selected was informed that they had been selected for verification. The original verification request was sent to the ten (10) randomly selected Generators on April 20, 2016.

Each Generator was asked to complete a Verification Form detailing the cost components claimed. The Form was created by Accion and reviewed by Bonneville before being presented to any Generator. At the request of Bonneville, as in previous Program years, the Verification Process was straightforward, and the Form was designed for easy completion. It did not require extensive research or lengthy detailed accounting by Generators, but was limited to information that, presumably, each Generator relied upon when providing their original calculation of costs.

Table 3, below, shows the Form sent to the selected Submissions ("Verification Form"). The Verification Form was sent to the Generators with the Total Displacement Cost recorded by the IE, using the information previously filed by the Generator. The Generator was directed to confirm the accuracy of the entry. The Verification Form set forth a breakdown of the possible components that would total the Claimed Costs. When the Generator input the individual Claimed Costs, the Verification Form tallied the costs entered by the Generator. Each Generator was also given the opportunity to provide additional information, either by including it on the Form or by uploading additional documentation to their individual Submittal Book.

Table 3
IE Verification of Displacement Cost Form

2016 INDEPENDENT EVALUATOR VERIFICATION OF DISPLACEMENT COST			
	Heavy Load Hours [HLH]	Light Load Hours [LLH]	Documentation
Total Displacement Cost as presented on the most recent Submission	\$0.00	\$0.00	
Energy Cost pursuant to a PPA	\$0.00	\$0.00	
Bundled RECs and Energy and PTC	\$0.00	\$0.00	
Unbundled Contract RECs and PTC	\$0.00	\$0.00	
Unbundled Market RECs and PTC	\$0.00	\$0.00	
RECs Only	\$0.00	\$0.00	
PTC Only	\$0.00	\$0.00	
Penalty Costs	\$0.00	\$0.00	
Total claimed Displacement Cost	\$0.00	\$0.00	

All Generators responded by uploading the Verification Form by the April 29, 2016, deadline with several Generators responding within the first few days. A reminder was emailed on April 29, 2016, and the last verification form was uploaded on April 29, 2016 at 5:41:14 PM.

From: oversupply@acciongroup.com
To: [Generator]

Subject: Reminder- Verification Form due Today - April 29, 2016
As you were previously notified, this submittal was randomly selected by the Independent Evaluator (IE) from all submissions in the Bonneville Power Administration (BPA) Oversupply Management Program, other than those for which zero (0) costs were claimed. The protocols for the Oversupply Management Program provide for the IE to verify the submissions of participants by reviewing the basis for the claimed Displacement Costs. This verification is done by the IE, and the information is reviewed by the IE and not

provided to BPA. The information will be retained on the Oversupply Management Program Website (<https://oversupply.accionpower.com>), should the Federal Energy Regulatory Commission (FERC) need the information as part of a future review of the Program.

This is a reminder that you must complete and upload your Verification Form by Close of Business (COB) today, April 29, 2016.

You previously received email notification that a Verification Form was uploaded to the Verification Process folder in your Submittal Book. If you have not already done so, please download the Form to your computer and complete the few entries at your earliest convenience. The Form provides a simple calculation format for you to identify the costs that, cumulatively, equal the Displacement Costs identified in your Submission on the Website. Please use the 'Documentation' column to identify the document that will confirm the costs you are claiming. Once completed, use the 'Messages' tab from the Logged-on page or from the Navigation Bar to upload the Form. You may also provide additional information, or provide other input to the IE via 'Messages'. If you believe additional information would be helpful to the IE, please upload that information in the same manner. If you have questions about the Form or this request, kindly use the 'Messages' feature and we will provide a prompt reply.

In advance, thank you for your assistance in completing this part of the Protocols.

*Thank you,
The IE*

Logged: 4/29/2016 7:24:13 AM

Some of the Generators provided additional explanations via the Website Message Board at the time they uploaded the requested Form, or uploaded additional documentation. Most Generators indicated they had already provided verification of their cost claims via uploads with their original Submittal Forms, which proved to be accurate. Upon further review by the IE, three (3) Generators were asked to provide additional verification of their disbursement cost claims, which they promptly provided. Three (3) Generators were sent a reminder to submit their Verification Form, and did so within a short period of time. One Generator had failed to respond because the previous Generator contact had left the company. The new contact notified the IE of this change, and promptly provided the requested Verification Form.

Table 4 is a summary of the review of each of the ten (10) Submissions selected for verification. This is followed by a description of any instances when the IE reached out to clarify or collect additional information from Generators, and the status of each verification for the selected Submissions. After completing the review of the Submissions selected for verification, the IE was able to verify the Claimed Costs for eight (8) of the ten (10) Submissions with no additional information. The IE recommendation is that while documentation of cost calculations and past invoices are provided, two (2) Generators should be notified if curtailment occurs, so documentation of actual loss can be verified at that time.

Table 4
Summary of Verification Review by Independent Evaluator as of 2016

Submittal Number	HLH [1] ²	LLH [1] ³	Initial Response Sufficient for IE to Verify	Verification Document: PPA	Verification Document: Other	Notes
130- 02	45.46	45.46	x	x	x	Redacted PPA, with term, price, and signatures
131- 01	133.25	133.25	x	x	x	First Page and Appendix with Payment Schedule; no signature page or term information with original Submittal
140- 01	77.50	77.50	x	x		And Bundled Energy and RECs
142- 01			x	x	x	PPA and REC Purchase Agreement; Message sent from Generator re: Pricing explanations
144- 04	99.69	99.69	x	x		Multiple Uploads: PPA, Electric Service Agreement; Schedule
144- 06	101.39	101.39	x	x		Multiple Supporting Documents
147-05	52.22	52.22	x	x	x	Multiple Supporting Documents
148- 01	97.75	96.13	x	x	x	Multiple Supporting Documents
150- 01	1.00	1.00				Western Renewables Market Document; submitted Original Submittal with Verification Form
150- 02	1.20	1.20				Same as 150-01, above

Submittal 130-02

The Required Document uploaded by this Generator is a Power Delivery Invoice dated February 5, 2016, for January 2016 showing Energy Delivered under Contract. Also provided is a Wholesale Purchase and Sale Agreement, with redactions, for Wind Energy effective as of December 8, 2004 (30-year Term). The signature is visible, and an Exhibit with a chart showing contract price for scheduled energy and environmental attributes for the 30-year term. Output sold under a long term PPA, Supporting documents show contract prices in effect for the 2016-17 year. This is satisfactory to support the Claimed Displacement Costs.

² Data was provided by the Generator and verified by the IE.

³ Data was provided by the Generator and verified by the IE.

Submittal 131-01

This Generator provided a redacted PPA dated July 28, 2008 with cover page and an Appendix with a schedule of payments. The IE sent a message via the Website requesting additional supporting documentation, as there is no indication of the PPA term, and a signature page is not provided with the initial Submittal. The Generator promptly provided the information requested. The PPA COD and term were provided when the IE requested further clarification. The IE found sufficient documentation to support the Claimed Costs.

Submittal 140-01

Supporting documentation provided by this Generator is the IE Verification Form provided in 2015 with 2016 data. Also included is a Renewable Resource PPA executed on August 26, 2008 for a 20-year term. The PPA includes pricing information. The IE finds this sufficient documentation to support the Claimed Costs provided on the Submittal Form.

Submittal 142-01

The uploaded Required Documentation included with this Submission is an executed Standard Contract Off System PPA for a term of 20 years, for Intermittent Resources effective November 2, 2007. Also included is a Confirmation Agreement Renewable Energy Certificate dated September 21, 2010. The Generator indicated that because the Verification Form does not allow for monthly HLH LLH Prices, he had already uploaded the PPA and REC Purchase Agreement, and if needed would provide an Excel file with the monthly PPA HLH and LLH prices with REC prices.

Submittal 144-04

This Generator provided a 20-year Renewable PPA dated April 4, 2012, as a Required Document. Additional Supporting Documents include the Electric Service Agreement relating to the Facility and Delivery Service Schedule. The IE finds this sufficient documentation to support the Claimed Costs as provided on the Submittal Form.

Submittal 144-06

Same information as noted in Submittal 144-04, above.

Submittal 147-05

This Generator uploaded a copy of an email to the Generator from Generator Company's Tax Specialist explaining 2016 Displacement Costs and Gross-up calculations. In addition, a Power Supply Transaction Confirmation Bundled Green Energy Sales Agreement is provided for 2015 and 2016, with explanations. The IE Found Sufficient documentation to support the costs claimed by this Generator.

Submittal 148-01

A Chart Supporting Pricing for the years 2016-2017 is provided for Required Documentation. Additional Supporting Documentation is represented by another Chart, a Memo re: Energy Value Components and a renewable PPA dated February 25, 2010, for a term of 15 years. The IE found sufficient documentation is present to support the Claimed Costs.

Submittal 150-01

Prior to the IE's Verification request, the only Required Document supporting this Submission is a Western Renewables Market Document (Monthly Market Updates), Reporting year 2015 dated February 29, 2016. Further explanation is included on the Submission Form regarding the above document stating the REC estimated valuation. The Verification Form, completed by the Generator, included an explanation regarding REC Valuation, and referenced the above-entitled Western Renewables Market document previously uploaded. The Generator represents that it makes market sales only, without the benefit of term contracts. Accordingly the IE is unable to verify that the Generator would experience financial loss in the event of a curtailment.

The IE reviewed the 2015 Submittal, in order to compare with the 2016 documentation, and contacted the Generator to confirm there is not a PPA in place at this time. The information and claims are consistent in both program years. Therefore, as with last year, if this Generator is curtailed, the IE recommends that BPA notify the IE so documentation of actual loss can be verified, if there is actually generation at that time.

This Generator was responsive to the IE's requests throughout the Verification Process.

Submittal 150-02

Same information as provided for Submittal 150-01, above.

V. CURSORY REVIEW OF UNVERIFIED SUBMITTALS

While the Verification Process was designed to review ten (10) randomly selected Generators, the IE completed a cursory review of all Submittals by the Generators that were not included in the Verification Process, other than those submitted by Generators that opted out of the process. This review was undertaken with the agreement of BPA, with the goal of summarizing the quality of information provided by the responding Generators.

As part of the initial Submission process, Generators were required to provide documentation when costs were claimed. A majority of Generators provided extensive Supporting Documents.

In many cases this information was sufficient to complete verification, because the Supporting Documents identified the claimed displacement values. In those instances when the documentation was insufficient, the IE initiated direct contact with the Generator in an attempt to complete the file. This approach enhances the process of conducting the validation in-depth due diligence review. The

validation of Claimed Costs permits BPA to have confidence that the costs claimed by Generators are accurate. While most Generators provided sufficient supporting documentation, there remain a number of Generators who would need to provide period-specific Displacement cost verification information should Curtailment occur.

Below, the IE summarizes a review of the Submissions for Generators that were not selected for validation. This cursory review was conducted with the IE, in some instances, seeking information from the individual Generators, beyond what was provided by each Generator at the time the Submittal Form was completed. The IE found that in most cases sufficient data had been supplied. Each participant's Submittals are discussed in the following section. The Program is premised on Generators providing correct data, supported by documentation requested by the Independent Evaluator as part of a Verification Process. This cursory review is provided so Bonneville has some appreciation for the quality of documentation provided by Generators.

Submittal 130-01

This Generator provided copies of a February 8, 2016 invoice for power delivery for the months of January and February, 2016. Additional Supporting Documentation includes 2 Redacted PPAs showing an effective date of June 1, 2002 with the term to May 5, 2022 with an 18 year term. And another PPA dated February 2, 2009. The output for this facility is sold under 2 long term PPAs. Explanation is provided in the Submittal Form as to how Displacement Costs are established. The purchase price and maximum Delivery Rate Chart are provided, showing 2016 but a signature page is not included. The entire PPA is redacted, other than the above information. The Calendar Year and corresponding purchase price are supported by the invoices provided.

Submittal 130-03

This Generator provided a redacted copy of a February, 2016 invoice for Contract Power Delivery for the month of January, 2016. A redacted PPA dated September 14, 2009, for a term of 20 years is also provided. Notes on the Submission Form refer to the uploaded Invoice and redacted PPA as support for the Displacement Cost.

The entire document is redacted, including the contracting party, with the exception of the effective PPA date and term. Contract pricing is provided, however, for estimated purposes only, available as data becomes available and invoices are adjusted. If this Generator is curtailed, the IE recommends that BPA notify the IE, so documentation of actual loss can be verified if they are actually generating at that time.

Submittal 130-04

This Generator provided a March 8, 2016 Power Delivery invoice for February 2016, showing Scheduled Energy Delivered per MWh with remaining text redacted. In addition, two (2) signed,

but heavily redacted PPA's, each dated February 2, 2009, are provided for Supporting Documentation, with an explanation of contract price. Due to the almost complete redaction of both PPA's the IE is unable to determine if there is additional information relative to Claimed Costs.

Submittal 130-05

This Generator provided a redacted February Invoice for January 2016. Information provided is in the same form as that provided for the above Submittal 130-04; the PPA term and effective date are provided, however all other information is redacted. The Submittal Form provides support for the Displacement Cost claimed effective 3/2016 in the form of a Redacted invoice, PPA, and notification of initial energy delivery. Due to the almost complete redaction of both PPA's the IE is unable to determine if there is additional information relative to Claimed Costs.

Submittal 130-06

This Generator indicates on the Submittal Form that production from the Generating Facility is sold under a long term PPPA. A redacted invoice is provided to show prices for January 2016, supporting Displacement Cost Claims. The redacted PPA with pricing is also provided, with an effective date of February 1, 2006, with a term of 20 years. The IE finds sufficient documentation to support this Generator's Claimed Costs.

Submittal 130-07

This Generator indicated on the Submittal Form that production from the Generating Facility is sold under a long term PPA. Generator provided a redacted invoice to show prices in effect for January, 2016 supporting Displacement Cost Claims for that month. The Verification Form further explained the energy costs pursuant to a PPA, and the redacted PPA is also provided. The PPA has a December 2, 2009 effective date with a term of 25 years. As with Submittal 130-06, above, the invoice and PPA provide support for Displacement Cost.

Submittal 130-08

This Generator's Required document provided is an August 15, 2012 *Confirmation of Transaction* regarding a Master Agreement dated in June 6, 2011, as amended and supplemented from time to time. The other support documentation is a Confirmation Agreement dated September 3, 2014 confirming the Master Agreement dated February 10, 2011 between the parties. Contract price consists of Energy Price and Green Attribute Price calculations, however, the commercial terms of the document are heavily redacted, to the point where the IE is unable to establish whether the obligation to deliver is absolute and existing in every month. Had this Submittal been selected for verification the IE not would not have found sufficient documentation is present to support the Claimed Costs based on this document alone.

Submittal 130-09

This Generator provided separate contracts for RECs and Energy costs (Confirmation of Transaction August 15, 2012 Energy Contract term January 1, 2014 to December 31, 2016; Confirmation agreement September 3, 2014 to last contract period December 31, 2024 for RECs), however, the commercial terms of the document were heavily redacted, to the point where the IE was unable to establish whether the obligation to deliver is absolute and existing in every month. Had this been selected for verification the IE would not have found sufficient documentation is present to support the Claimed Costs based on this document alone, and would suggest additional information be requested at the time of Curtailment to support Claimed Costs for that specific period of Curtailment.

Submittal 130-10

The Required Document uploaded by this Generator are Power Delivery invoices for February 2016, showing Scheduled Energy Delivered per MWh. The remaining text is redacted. There are multiple supporting documents provided, including a redacted PPA dated October 5, 2007 PPA for a 20-year term, a Wholesale PPA dated October 5, 2006 for a 20-year term, a heavily redacted PPA dated June 11, 2007 with a term for 20 years, and a PPA Cover Sheet dated August 11, 2008 which is also heavily redacted. Also provided is a PPA Weighted Average for 5 PPA as explained in the Submittal Form. While there were several documents provided to support Displacement Costs, the PPA's were heavily redacted, therefore, further review may be required to confirm the Claimed Costs.

Submittal 130-11

Please see 130-10, above.

Submittal 132-01

The only Required Document provided is the Index page to PPA with Contract Purchase Price redacted except for 2016 and 2017. No terms, now PPA information, and no signature page are provided. The IE cannot verify Displacement Costs claimed by this Generator.

Submittal 134-01

The Generator provided a PPA dated November 30, 2000 for a term of twenty-five (25) starting in 2003, with Attachments and Exhibits. The IE determines there is sufficient supporting documentation.

Submittal 134-02

The Required Document provided is an Amended and restated PPA dated November 27, 1996, with a term of thirty (30) years. Additional Supporting Documentation is a letter dated January 30, 2015 explaining annual basis adjustment for power purchase rate and 2015 calculations.

Should Displacement occur, the IE recommends requesting additional supporting documentation from this Generator.

Submittal 136-01

Generator claimed zero (0) costs.

Submittal 137-01

Generator claimed zero (0) costs.

Submittal 137-02

Generator claimed zero (0) costs.

Submittal 138-02

This Generator provided two identical copies of a completed IE Verification Form as a Required Document supporting Submittal claims for both Energy and RECs. This Form was completed prior to the IE initiating the Verification Request to the Generator using the 2015 Form as a template. The IE does not find sufficient documentation to support the Costs claimed on the Submittal Form without additional information, such as the PPA.

Submittal 139-01

This Generator provided a completed IE Verification Form as a Required Document supporting Submittal claims. The Form was completed prior to the IE initiating the Verification Request to the Generator using the 2015 Form as a template. The PTC gross-up for 2015 numbers are attached, as Generator indicated the PTC gross-up for 2016 was not available at the time of Submission, but should not change substantially. Tax Benefits Charts are included, but not a PPS. Updated information should be required to verify actual costs should displacement occur.

Submittal 141-02

This Generator's Supporting Documentation includes one (1) letter explaining the Generator and refers to their 2015 Submittal 113-02. This Generator did not immediately respond, and contacted the IE for guidance via the Message Board on the Website, because they were unsure which category they fit into. Subsequently, the Generator provided a Submittal claiming Zero Displacement Costs and claiming LLH and HLH Penalty Costs. Ultimately, this Generator submitted energy and REC costs, but explained that it is not practical to attempt to put a cost on generation interruption, therefore, their preference is to opt out of the Oversupply Management program altogether.

Submittal 144-05

This Generator provided a 20-year Renewable PPA dated August 14, 2008, as a Required Document. Additional Supporting Documents include the Electric Service Agreement relating to

the Facility and Delivery Service Schedule dated April 15, 2011, with an amended effective date of December, 1, 2015. Also included is PUC OR No. 36 – Schedule 47 regarding Large General Service/Delivery Service. The IE finds this sufficient documentation to support the Claimed Costs as provided on the Submittal Form.

Submittal 145-01

This Generator provided a REC Transaction Confirmation Letter detailing values provided in the Submittal Form, along with a Master REC Purchase and Sale Agreement that includes an obligation through the 2015-16 period of this program. In order to verify Displacement Costs, the IE would need current period obligations.

Submittal 146-02

Various documentation is provided by this Generator; Wind Project Displacement Cost Summary Chart January 2015 through December 2014, with annual total, and a PPA dated July 14, 2009, and a confidential letter to IE. Supporting Documents include same Cost Summary Chart referred to above, and a PPA dated July 14, 2009. A term is not specified in the PPA and, therefore, the IE would not have found this sufficient support for the claimed cost unless the Generator established the PPA is in effect for the curtailed period.

Submittal 147-04

This Generator was new to the list of Generating Facilities last year and claimed PTCs. Support for Claimed Costs with the Submittal is provided via an email document explaining the “Gross up” and Displacement Costs calculations. In 2015 the IE requested additional support for the Claimed Costs, such as a PPA or agreement. The Generator declined to provide documentary support for the claimed value of PTCs, asserting that the value of PTC’s is set by the IRS and is not governed by an Agreement between BPA and Generator. Further, the Generator adjusted the Claimed Costs based on the assertion that any payment by BPA would be income to the Generator, and the Generator’s tax rate required the adjustment. The generator did not provide evidence supporting the alleged tax rate.

The IE is unable to verify that the Generator would experience a financial loss in the event of a curtailment, or what that loss would be considering the claimed tax effect. If this Generator were curtailed, the IE recommends that BPA notify the IE, so documentation of actual sales obligations in the period of curtailment, as well as the true value, could be verified.

Submittal 149-01

The Required Document uploaded by this Generator to support cost claims, is an “Execution Copy” PPA dated June 24, 2009 with a term of twenty (20) years. Additional Supporting Documents are: a *Karbone Pricing* sheet dated July 31, 2012; *Appendix D: Wholesale Electricity Price Forecast from Sixth Northwest Conservation and Electric Power Plan*; and *Facility-specific*

Cost of Displacement Methodology. Also included is a PPA dated June 24, 2009 for effective for a term of 20 years. Had this been selected for verification the IE would have found sufficient documentation was present to support the Claimed Costs.

Submittal 153-01

This Generator uploaded is PPA as the Required Document, dated and executed November 7, 2001 with an effective contract term for twenty-year (20) years. The Contract Number is noted on the PPA. Had this been selected for verification the IE would have found sufficient documentation was present to support the Claimed Costs.

Submittal 154-01

The Required Document provided to support this Submittal is a *Tullett Prebon Pricing Chart* showing Peak and Off-Peak pricing dated March 12, 2016. Other supporting documents are two (2) *Karbone Pricing Charts* with the same date. Also included are pricing charts supporting periods through June 2016, and projected remaining quarters for 2016. Had this been selected for verification the IE would not have found sufficient documentation was present to support the Claimed Costs. If Displacement should occur, the IE would suggest BPA request pricing related to the actual period of curtailment.

The following **Table 5** summarizes the Required and Supporting Documents submitted by all of the Generators.

**Table 5
Summary of Submissions by All Generators**

Submittal No.	Zero Costs	Selected for Verification	Documents Provided with Verification	Required Documents Provided	Support Documents Provided
130- 1				3	1
130- 2		x	2	1	1
130- 3				1	1
130- 4				1	2
130- 5				1	2
130- 6				1	1
130- 7				1	1
130- 8				1	1
130- 9				1	1
130- 10				1	6
130- 11				1	6
131- 1		x	2	1	1
132- 1				1	
134- 1				1	
134- 2				1	1

Submittal No.	Zero Costs	Selected for Verification	Documents Provided with Verification	Required Documents Provided	Support Documents Provided
136-1	x				
137-1	x				
138- 2				2	
139- 1				1	2
140- 1		x	1	1	2
141- 2	x				
142- 1		x	1	1	2
144- 4		x	1	1	3
144- 5				1	3
144- 6		x	1	1	5
145- 1				1	
146- 2				2	3
147- 4				1	4
147- 5		x	2	1	3
148- 1		x	3	1	
149- 1				1	3
150- 1		x	2	1	
150- 2		x	2	1	
153- 1				1	
154- 1				1	3

VI. COMPARISON OF 2015 AND 2016 RESULTS

In 2015, twenty-four (24) Generators filed thirty-nine (39) Submittals of which thirty-four (34) provided the Required Document(s). Of the thirty-four (34) Submittals that included Required Documents, fifteen (15) also included additional Supporting Documents and six (6) Submittals claimed zero costs. Ten (10) Submittals were selected for random verification, thus there were twenty-three (23) Submittals that were not part of the random Verification Process.

As in 2015, in 2016 the IE also conducted a summary review of the filings provided for the submissions that were not selected for verification. In 2016, eighteen (18) Generators filed thirty-six (36) Submittals, of which all Submittals included at least one Required Document. Of the thirty-six (36) Submittals that included Required Documents, fifteen (15) also included additional Supporting Documents. Three (3) Generators' Submittals claimed zero costs, and one claimed costs on their Submittal Form, but decided not to claim Displacement Costs should curtailment occur.

VII. CONCLUSIONS

The Independent Evaluator randomly selected Submissions for the annual Verification Process. As part of the Submission process, each Generator was required to provide supporting documentation of their choosing. After reviewing the documents proffered with the Submissions, the IE contacted each

of the selected Generators and requested they complete the Verification Form (See **Table 3**), and that they provide additional documentation, if the documents accompanying the Submission were insufficient for the IE to complete the Verification. Three (3) Generators failed to provide the completed Verification Form, but did so when the IE contacted them. The Independent Evaluator was required to request supporting documentation from three (3) of the Generators before being able to verify that all claims were adequately supported.

Ultimately, the Independent Evaluator determined that eight (8) of the ten (10) Submissions randomly selected for verification had sufficient documentation to enable the IE to affirm the Submissions. The two (2) Generators selected for random verification that could not be immediately verified should curtailment occur, provided documentation to support specific cost calculations for a specific market term, including invoices and pricing information. As noted previously, the IE reviewed the 2015 Submittals, in order to compare 2016 Submittal documentation, and contacted the Generator to confirm there is not a PPA in place at this time. The information and claims are consistent in both program years. Therefore, as with last year, if this Generator is curtailed, the IE recommends that BPA notify the IE so documentation of actual loss can be verified, if there is actually generation at that time.

VIII. IE RECOMMENDATIONS

Verification Form Updates

The current version of the Verification Form used during the Random Verification process was created for the 2012 Oversupply Management Protocol. While this form has been used for all subsequent Program years, it is become apparent to the IE that the form does not accommodate Generators with month-to-month price variation. Several Generators contacted the IE because the Form does not adequately provide a way for them to show their Displacement Cost Verification data when it is not the same every month of the reporting period. When reviewing Submissions from a Generator with varying obligations during the reporting period the IE requested that the Generator provide an explanation to supplement their completed Verification Form.

The IE suggests that the Verification Form be modified to include additional data fields that provide Generators with more flexibility in describing their annual commitments. The IE believes this will more accurately collect specific costs and information for the Random Verification Process, and make the process easier for Generators by removing confusion about reporting commitments that are unique to the Generator.

Required Documentation

The IE believes the process would be simpler for Generators by the IE providing a “Summary Statement” form for the Generator to complete, and by providing a list of suggested or acceptable Supporting Documents. By simplifying the process Generators would more likely be able to provide appropriate verifying data once, and thereby avoid repeated exchanges with the IE. For example, some Generators continue to provide market reports, instead of documenting actual commitments to deliver,

or fail to provide a PPA, or other Master Agreements that definitively verify their Cost Claims. Similarly, some Generators only make market sales and the current Verification Form does not provide an easy way for that to be reported. Each of these actions results in the need for clarifying exchanges over weeks. The IE does not believe the Generators are attempting to obfuscate, but rather would benefit from enhanced guidance. Complementing the Verification Form template should reduce the time Generators need to dedicate to complying with the program requirements.

Generators/Contacts

The IE would like to work more closely with BPA in order to update the Generator contract information before the next reporting cycle. Having the latest contact information when starting the review process would improve the initial response rate and avoid the need to have numerous conversations with Generators to identify the point of contact when a personnel change occurs.