Process & Pricing Guidelines for Spring Purchases

- Monthly, within-month, and up-to preschedule acquisitions are acquired by Power Services using a Request for Offer (RFO) process.
- Acceptable bids should balance deployment costs against capacity costs in a way that doesn't create cost shifts between within-hour Imbalance Capacity customers and other transmission customers.
- Standardized Capacity Term Sheets for quarterly and monthly acquisitions are used providing both boilerplate language for options and operational performance standards. These two page confirms are then adapted for any shorter term purchases (less than one month).
- In addition to a capacity bid, the dispatched energy for an individual agreement is bid as either a % of hourly energy index or as a gas index and heat rate.
- For purposes of selection, valuation of each offer is done based on:

  Total Cost = capacity cost + energy cost x estimated deployments over a given range

2015 Spring & Preschedule RFO Acquisitions

- One 25 MW spring block purchase was made in early March 2015 for the May 1 – June 30 timeframe.
- We received four offers. Pricing ranged from the high side of $3/kW-mo up to the mid $14/kW-mo level.
- Rough estimates at that time appeared to support the need for a small spring forward purchase to firm up reserve levels to 900 MW of *incs*.
- Recall that part of our strategy was to buy further ahead in time of the projected spring need while suppliers still had capacity available.
- This strategy effectively trades one risk for another. Namely, buying ahead at a cheaper rate but risking not needing what we purchase.
- Due to the low and slow system run off, the FCRPS didn't have to be operationally constrained during the 2015 spring runoff period. This doesn't happen often, but it does happen occasionally.
- As such, no preschedule acquisitions were made this spring due to lack of need.

Future Acquisitions

Quarterly Capacity Acquisitions:

- The amount of quarterly RFOs for the 2016 rate period (Oct. 1, 2015 – Sept. 30, 2017) is projected to be 10 MW each quarter. (See Settlement, Attachment 1, section 4.b) However, this amount could increase or decrease over this period depending upon the reserve need placed on BPA.

Long Term Spring Acquisitions:

- BPA will attempt to acquire up to 200 MW of Imbalance Capacity as a block purchase. This will probably be for the months of April, May and June but could change depending upon the projected need. Minimum bid amounts will be 25 MW flat.
- The RFOs for Spring 2016 acquisitions will go out in two time frames. The first will go out around November and the second will go out around the end of February.

Preschedule Acquisitions:

- We will continue our Preschedule acquisition program for the April – June timeframe based on projected need. Minimum bid amounts will be 25 MW on either a diurnal or flat basis (HLH, LLH or flat)
- Volume purchased for any period will be based on the amount of curtailment occurring on the FCRPS, projected need for the buying period and remaining budget. This could be up to 300 MW assuming we are successful with our preseason acquisition of the 200 MW.

Product Specifics

Capacity type	Capacity bid format	Energy bid format	Minimum bid amount	Max deployment	Number deployments/ hour	Ramp rate
Monthly	$/kW-mo	% of Powerdex Mid-C hrly OR HR & Gas Index*	25 MW flat	Up to 90 min	1 (deployment must be for the full amount)	10 min
Preschedule	$/kW-day	% of Powerdex Mid-C hrly index	25 MW HLH, LLH or flat	Up to 90 min	1 (deployment must be for the full amount)	10 min

* Allowable gas indexes are Stanfield, Malin and Sumas for the “flow date” as published in the Platt’s Gas Daily.