

Summary of NTS Operating Agreement

The short-term non-Treaty operating agreement is primarily an enabling agreement that provides flexibility to the Parties while allowing BC Hydro to create the space needed to reduce likelihood of spill at Mica during their unit outages this summer.

The agreement has three components:

- 1) Fall storage – this type of annual agreement has been implemented through a Treaty supplemental operating agreement for the past few years.
- 2) Spring/Summer flow shaping – this is a BiOp objective for a non-Treaty agreement and this type of agreement has been implemented for several years.
- 3) Provisional Draft – This is a new component designed to address BC Hydro's concern for Mica spill during the unit outages this summer.

The energy/\$ accounting under all three components is the same and is the same as recent non-Treaty and Treaty seasonal agreements. All access to water transactions is equally shared between BPA and BC Hydro, but it requires no action by either Party.

Benefits of the Agreement

1. The agreement enables Fall Storage as mutually agreed. This replaces the Treaty Supplemental Operating Agreement of recent years. The early start to chum operations this year will likely limit the volume that can be stored.
2. The Provisional Draft component of the agreement allows draft of 1 Maf (0.5 Maf BPA Share) of water from Canada in the periods Dec-Mar, July and other periods as agreed. Exercise of these provisions may provide a power benefit, support chum operations, and provide space that may be needed to store flow augmentation in Canada per the BiOp. Return of provisional draft is Sep-Nov 2011.
3. The Agreement provides for Spring/Summer flow shaping for fisheries as identified in the BiOp. The terms and conditions are the same as in previous annual agreements.
4. Absent this agreement, BC Hydro would likely use their Mica/Arrow flex operation to reduce the probability of Mica spill, thereby limiting space for flow augmentation and spring/summer shaping operations under the BiOp.