



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

FREEDOM OF INFORMATION ACT PROGRAM

August 17, 2015

In reply refer to: FOIA #BPA-2014-01901-F

Ken Nichols
NetPeak Energy Group
19720 NW Tanasbourne Dr.
Hillsboro, OR 97124

Mr. Nichols:

This is a final response to your request for Bonneville Power Administration (BPA) records under the Freedom of Information Act (FOIA), 5 U.S.C. § 552. Your request was received in our office on September 22, 2014 with an acknowledgement letter sent to you on September 26, 2014.

You requested

“We would like to receive the winning proposal in response to BPA’s Demand Response Program Demonstration Project RFP dated, May 23, 2014, and the agreement between Bonneville Power Administration and Energy Northwest for Demand Response Pilot announced in September 2014.”

Response

We conducted a search of the electronic records of “Long Term Sales and Purchases” and “Smart Grid” Offices. We located the requested agreement between BPA and ENW, which consists of 32 pages. Of this agreement, we are releasing 16 pages in full and releasing 16 pages with redactions under Exemption 4. We are withholding all 41 pages of Energy Northwest’s Proposal for BPA’s Demand Response Commercialized Demonstration Program under Exemption 3.

The Freedom of Information Act generally requires the release of all government records upon request. However, FOIA permits withholding certain, limited information that falls under one or more of nine statutory exemptions (5 U.S.C. §§ 552(b)(1-9)).

Exemption 4 protects “trade secrets and commercial or financial information obtained from a person and privileged and confidential” (5 U.S.C. § 552(b)(4)). Exemption 4 encourages businesses and other entities to voluntarily furnish useful commercial or financial information, and provides protection from substantial competitive harm to submitters who are required to furnish information to the government.

BPA performed the required independent analysis under Exemption 4 of ENW's objections to disclosure of portions of the agreement. Based on that analysis, BPA redacted information contained in Exhibits A and C to the agreement. The rest of the agreement is released.

Exemption 3 requires the withholding of information under the non-disclosure provisions of other federal statutes. A statute may qualify for Exemption 3 if it "requires that the matters be withheld" or "establishes particular criteria for withholding" (5 U.S.C. § 552(b)(3)). In this case, 41 USC 4702 protects all losing contract proposals, as well as the winning contract proposal – to the extent that the winning proposal is not "...set forth or incorporated by reference in a contract." 41 USC 4702(c). Because ENW's proposal was not incorporated (in whole or in part) into the agreement, 41 USC 4702 mandates that it be withheld in full.

Appeal

Pursuant to Department of Energy FOIA regulations at 10 C.F.R. § 1004.8, you may administratively appeal this response in writing within 30 calendar days. If you choose to appeal, please include the following:

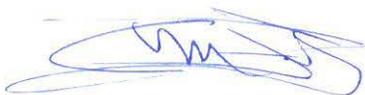
- (1) The nature of your appeal - denial of records, partial denial of records, adequacy of search, or denial of fee waiver;
- (2) Any legal authorities relied upon to support the appeal; and
- (3) A copy of the determination letter.

Clearly mark both your letter and envelope with the words "FOIA Appeal," and direct it to the following address:

Director, Office of Hearings and Appeals
Department of Energy
1000 Independence Avenue SW
Washington DC 20585-1615

Pursuant to 10 C.F.R. Part 1004.7(b)(2), I am the individual responsible for the determination withhold the information described above under Exemption 4. I appreciate the opportunity to assist you. If you have any questions, please contact E. Thanh Knudson (DEA Onsite Contractor) at (5030-230-5221).

Sincerely,



C. M. Frost
Freedom of Information/Privacy Act Officer

Enclosure:

AGGREGATED DEMAND RESPONSE PILOT PROJECT AGREEMENT

**Executed by the
BONNEVILLE POWER ADMINISTRATION
And
ENERGY NORTHWEST**

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This AGGREGATED DEMAND RESPONSE PILOT PROJECT AGREEMENT (Agreement) is executed by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA) and ENERGY NORTHWEST (ENERGY NORTHWEST) a municipal corporation and joint operating agency organized under the laws of the State of Washington. BPA and ENERGY NORTHWEST are sometimes referred to individually as “Party” and collectively as “Parties.”

RECITALS

Under this Agreement ENERGY NORTHWEST will respond to demand side power management events, called by BPA, with load reductions from aggregated Total Retail Load served by BPA’s Regional Dialogue (Contract High Water Mark) power customers. In theory, load reductions made available through these responses could be used by BPA to supply reserves or meet other system needs if ENERGY NORTHWEST’s ability to perform aggregating operations and reliability were found to be viable.

BPA is entering into a pilot project to test ENERGY NORTHWEST's ability to aggregate Regional Dialogue Load and operate accompanying software to respond to Event calls from BPA to reduce this load. While the proposed pilot is small in scale, BPA intends to use the data collected to help determine the broader applicability of utilizing load flexibility to manage a variety of system conditions via demand response.

The Parties agree as follows:

1. TERM

This Agreement shall take effect on the date executed by the Parties (Effective Date) and shall expire on January 31, 2016, unless terminated earlier by one or both of the Parties as described in Section 9. The Parties may agree to extend this Agreement in six (6) month increments for a total extension not to exceed one year. Extensions shall be documented in an amendment to this Agreement signed by both Parties.

2. DEFINITIONS

Capitalized terms below shall have the meaning stated. Capitalized terms that are not listed below are defined within the section in which the term is used. Specific amounts for many of these defined terms are stated in Exhibit A.

(a) "Availability" means the days of the week and hours in the day that a Dispatch Group is available to respond to an Event. Availability for each Dispatch Group is identified in Exhibit A.

(b) "Business Day" means Monday through Friday except for Federal holidays. If not specified as a "Business Day," then calendar days are intended.

(c) "Capacity Payment" means the amount that BPA may pay ENERGY NORTHWEST for available load adjustment in a Dispatch Group subject to the limitations of this Agreement.

(d) "Capacity Price" means the per kilowatt month price BPA may pay ENERGY NORTHWEST for available capacity.

(e) "Dispatch Group" means an end load or group of end loads that can respond to a common set of characteristics. These groups will be selected from BPA-served Regional Dialogue (Contract High Water Mark) power customers. A listing of end loads comprising these Dispatch Groups are provided in Exhibit C. Exhibit B provides detailed baseline, metering, and performance criteria for each load type.

(f) "Event" means a period when BPA requests a Dispatch Group to respond under the terms of this Agreement.

(g) "Event Request" means BPA's request, sent to ENERGY NORTHWEST, to initiate an Event.

(h) "Event Frequency Per Month" means the maximum number of Events that can be called on a Dispatch Group during a calendar month.

(i) "Event Frequency Per Week" means the maximum number of Events that can be called on a Dispatch Group during a calendar week.

(j) "Monthly Capacity Payment" means the Capacity Payment for each Dispatch Group owed by BPA to ENERGY NORTHWEST for a month adjusted according to performance provisions in Section 4 and Section 7(b) of this Agreement.

(k) "Ramp Time" means the number of minutes within which a Dispatch Group must fully reduce the Dispatch Group load to meet the Required Capacity amount after BPA sends the Event request to ENERGY NORTHWEST.

(l) "Recharge Period" means the minimum amount of time required after an Event is concluded before another Event may be requested by BPA, for a given Dispatch Group.

(m) "Required Capacity" means the total kilowatt reduction, in whole kilowatts, required by BPA for a given Dispatch Group.

(n) "Unsuccessful Event" means an Event that does not meet the requirements of this Agreement as outlined in Section 4 of this Agreement.

(o) "Unsuccessful Event Payment Reduction" means the reduction in Capacity Payment which occurs each time ENERGY NORTHWEST incurs an Unsuccessful Event.

(p) "Exercise Event" shall have the meaning set forth in Section 3 (g) of this Agreement.

3. PILOT PROJECT REQUIREMENTS

During the term of this Agreement, with the exception of any properly noticed outages meeting the requirements of Section 3(f) or Exercise Events meeting the requirements of Section 3(g) below, ENERGY NORTHWEST shall provide BPA with an aggregated response resulting in periods of decreased load corresponding to the requirements of this Agreement.

(a) Systems Requirements and Payment

- (i) ENERGY NORTHWEST will implement a Demand Response Aggregation Control System (DRACS) as part of this Agreement. If ENERGY NORTHWEST's DRACS is fully operational, based on BPA's assessment of the DRACS using the criteria identified below at Section 3.(a)(ii), on or before March 20, 2015 then BPA shall pay ENERGY NORTHWEST one-hundred and eighty thousand dollars (\$180,000.00). This payment shall be tendered on or before the 20th day of the following month after the DRACS system has been deemed fully operational by BPA.
- (ii) For DRACS to be deemed fully operational ENERGY NORTHWEST shall demonstrate that: (A) DRACS is enabled to provide two-way communication between the loads responding to Events under this contract (End Loads) and BPA's Demand Response Management System; (B) DRACS sends Event Requests to End Loads; (C) DRACS signals End Loads requesting appropriate response at the end of Events; (D) DRACS provides a central repository for all data associated with responses to Events; (E) all End Loads responding to Events receive and appropriately respond to signals sent by DRACS; (F) all infrastructure required to assure compliance with Exhibit B is fully functioning and integrated, as necessary, with DRACS; (G) DRACS provides the data as required by Exhibit B.

- (iii) BPA shall be solely responsible for determining whether the DRACS meets these requirements, however, such determination shall not be unreasonably withheld or made. If BPA's Demand Response Management System is not fully operational upon notification to BPA by ENERGY NORTHWEST that its DRACS is ready for testing, BPA will assess ENERGY NORTHWEST's DRACS operational status without reference to clause (a)(ii)(A) of this section.
- (iv) In the event that ENERGY NORTHWEST fails to meet the DRACS requirements in Section 3 of this Agreement on or after March 20, 2015, then either BPA or ENERGY NORTHWEST may terminate this Agreement according to Section 9 of this Agreement or provide ENERGY NORTHWEST with an opportunity to correct any errors in the DRACS systems allowing it to meet the DRACS requirements.

(b) Event Requests

BPA shall communicate all Event Requests to ENERGY NORTHWEST via OpenADR 2.0B. BPA's Event Requests shall not exceed the Event Frequency Per Month and the Event Frequency Per Week specified in Exhibit A. The Event Request shall identify the Dispatch Group, the clock time when the Event will begin "Event Start Time", and the clock time when the Event will end. Following the conclusion of an Event, BPA shall allow for a Recharge Period, as specified in Exhibit A, before sending ENERGY NORTHWEST a subsequent Event Request for the same Dispatch Group.

(c) Response Time

After BPA has sent ENERGY NORTHWEST an Event Request, ENERGY NORTHWEST shall provide full reduction of the Dispatch Group load, identified in Exhibit A, to the Required Capacity amount within the Ramp Time specified in Exhibit A. Measurement of compliance with this requirement shall be performed per Exhibit B.

(d) Response Duration

Load reduction for each Dispatch Group shall remain at or exceed the Required Capacity amount for the entire duration of the Event. Measurement for this requirement shall be performed in accordance with Exhibit B. After an Event is closed, either by a second notification from BPA stating that an Event is over or when the Maximum Duration specified in Exhibit A is reached, all end loads included in the effected Dispatch Group shall be signaled by the DRACS immediately upon the completion or termination of an Event to begin returning to normal operations within thirty (30) minutes.

(e) Event Amounts

ENERGY NORTHWEST shall fully reduce the Dispatch Group by the Required Capacity amount stated in Exhibit A. ENERGY NORTHWEST may request and BPA may allow for (A) additional Required Capacity amounts to be made available over the course of this Agreement and (B) revisions to Required Capacity amounts stated in Exhibit A. All additional or revised Required Capacity amounts shall require a mutually signed amendment adjusting Exhibit A. These amendments shall be effective on the greater of either (i) the first day of the next calendar month after the amendment is executed, or (ii) five (5) business days after the amendment is executed.. Payment for all Required Capacity shall be made according to Section 7, Payment, during the calendar month following the additional or revised Required Capacity's availability. BPA shall have sole authority to approve ENERGY NORTHWEST's requests to allow additional or revised Required Capacity; however, this approval shall not be unreasonably withheld. Total

Required Capacity for all Dispatch Groups associated with this Agreement shall not amount to more than twenty-five thousand (25,000) kW.

(f) Outages

(i) Any period of time during which a Dispatch Group is not fully available to perform according to the requirements of this Agreement shall be considered an "outage." ENERGY NORTHWEST shall provide BPA with a minimum of forty-eight (48) hours' notice before any outage. The DRACS system will use OpenADR EiOpt functionality to signal the BPA Demand Response Management System of the scheduled outage. Additionally ENERGY NORTHWEST shall send notification via e-mail to **BPADRNotificationEN@bpa.gov** with a copy sent to **jdwellshlager@bpa.gov**. ENERGY NORTHWEST's e-mailed notifications shall include the reason for the outage and the expected time the Dispatch Group will be unavailable. For each day of a properly notified outage, the Monthly Capacity Payment for i.) Dispatch Group A shall be reduced by 1/31st and, ii.) for Dispatch Group B shall be reduced by 1/21st of the total possible Capacity Payment. ENERGY NORTHWEST shall provide BPA with a minimum of twenty-four (24) hours advance notice before an outage is completed and the Dispatch Group is available. The Monthly Capacity Price reduction shall be applied to each day the Dispatch Group is required to be available, per Exhibit A of this Agreement, until twenty-hours (24) hours after ENERGY NORTHWEST notifies BPA that the Dispatch Group is back in service and all Required Capacity is available.

(ii) ENERGY NORTHWEST is allowed a single information systems maintenance outage with duration not to exceed sixty (60) minutes once during every two (2) week period to perform maintenance on ENERGY NORTHWEST's information systems. Information systems maintenance outages are exempt from the Outage penalties provided in this Agreement at Section 3(f)(i). ENERGY NORTHWEST shall provide the information systems projected maintenance schedule to BPA no later than five (5) days before the beginning of each month. ENERGY NORTHWEST shall identify any information systems maintenance outages that require a system restart to BPA to ensure that data exchanges between BPA's DRMS and ENERGY NORTHWEST's DRACS are not interrupted.

(g) Exercise Events

ENERGY NORTHWEST may make written request of BPA for one or more Exercise Events, involving one or more Dispatch Groups, to occur for purposes of evaluating communication and control functionality, gather response data, or other purposes. With written permission from BPA, such Exercise Events, whatever the result, shall not : (i) be deemed Unsuccessful Events under Section 4; (ii) be considered Events for purposes of meeting ENERGY NORTHWEST's obligations of Exhibit A; or (iii) affect payments under Section 6. The Parties agree that no further Event shall be called on the affected Dispatch Group(s) during the Exercise Event or within the Recharge Period of the Exercise Event.

(h) Event Data

(i) When ENERGY NORTHWEST performs an Event, ENERGY NORTHWEST shall provide BPA with electronic Event data demonstrating the changes in metered loads beginning thirty (30) minutes prior to the event and ending thirty (30) minutes after the conclusion of the Event.

(ii) ENERGY NORTHWEST shall obtain a written authorization from a Dispatch Group participant to furnish the participant's meter data to BPA.

- (iii) The Parties agree that the Event data, information and materials and aggregated information to be provided by ENERGY NORTHWEST contains confidential, and proprietary information to ENERGY NORTHWEST or to its third party participants in this Pilot Project. ENERGY NORTHWEST grants BPA a nonexclusive, royalty free, irrevocable limited license with no right to sublicense to use and prepare new works from the information and materials provided by ENERGY NORTHWEST under this Agreement for any purpose related to BPA's mission. ENERGY NORTHWEST grants BPA a non-exclusive, royalty free, irrevocable limited license with no right to sublicense to publically disclose, by or on behalf of BPA, any aggregate information, provided that any customer information about participants and loads is removed from the aggregate information prior to public disclosure; provided further, nothing herein shall authorize or confer to BPA the right to license the use of the information and materials provided by ENERGY NORTHWEST, or any aggregate information without the express consent of ENERGY NORTHWEST, such consent shall not to be unreasonably withheld. Further, in the event BPA receives a request for information and materials provided by ENERGY NORTHWEST, or any aggregate information under the provision of the federal Freedom of Information Act or by any other means, it shall provide ENERGY NORTHWEST with notice and an opportunity to respond to the request prior to public disclosure.

4. UNSUCCESSFUL EVENTS

- (a) If ENERGY NORTHWEST fails to reduce the Dispatch Group load to the Required Capacity specified in Exhibit A within the Ramp Time, the Event shall be considered an Unsuccessful Event.
- (b) If, at any time during an Event except for the portion of the Event allowed for the Dispatch Group's Ramp Time identified in Exhibit A, ENERGY NORTHWEST's measured load reduction is less than the Required Capacity specified in Exhibit A the Event shall be considered an Unsuccessful Event.
- (c) For every Unsuccessful Event, ENERGY NORTHWEST's Monthly Capacity Payment shall be reduced by the Unsuccessful Event Payment Reduction. This Unsuccessful Event Payment Reduction shall be equal to 1/6th of that Dispatch Group's total possible Capacity Payment for the month.
- (d) DRACS
- (i) Phase in Period: If BPA accepts the DRACS and the Dispatch Groups are provided by ENERGY NORTHWEST then BPA will exclude the first sixty (60) days after Dispatch Groups are provided from the performance requirements in Section 4(d)(ii) of this Agreement.
- (ii) Beginning on day sixty-one (61) after the DRACS is accepted and Dispatch Groups are provided, if five (5) Unsuccessful Events occur within any sixty (60) day period then ENERGY NORTHWEST has failed to meet the performance requirements of this Agreement. In the event that ENERGY NORTHWEST fails to meet the performance requirements of this Agreement BPA shall provide ENERGY NORTHWEST with a written notice documenting ENERGY NORTHWEST's failure to meet the performance requirements and to direct ENERGY NORTHWEST to take corrective action within thirty (30) days to remedy ENERGY NORTHWEST's performance. If, after the end of the thirty (30) day correction period, three (3)

Unsuccessful Events occur during any thirty (30) day period then either BPA or ENERGY NORTHWEST may terminate this Agreement according to the Section 9 of this Agreement.

- (e) BPA is solely responsible for determining if Events are successful or unsuccessful at providing the Required Capacity for the Dispatch Group identified in Exhibit A however, such determination shall not be unreasonably made. ENERGY NORTHWEST shall meter, baseline, and initially verify the performance of each Event and report these findings to BPA. Upon request ENERGY NORTHWEST shall provide BPA with all metering, baseline, and verification data that BPA requests to audit ENERGY NORTHWEST's compliance with the requirements of this Agreement.
- (f) If BPA calls an Event under circumstances not in accordance with Dispatch Group limits in Exhibit A and ENERGY NORTHWEST does not respond or elects to respond in good faith but does not fully achieve performance requirements, then an Unsuccessful Event shall not be deemed to have occurred.

5. PROJECT MANAGEMENT

ENERGY NORTHWEST shall provide the following project management service for the duration of the Agreement.

- (a) Coordinate an in-person project kick off meeting at a facility designated by BPA.
- (b) Coordinate weekly status meetings with designated BPA project lead and prepare weekly status reports which shall be sent to the designated BPA project lead. The weekly status reports shall be in Word or PowerPoint format.
- (c) Conduct quarterly meetings which include status reports, in Word or PowerPoint format, with BPA's demand response team at a facility designated by BPA.
- (d) Provide a project plan, as well as all other standard project management documents (change management plan, risk/issues log, etc.), and update the BPA project lead via email and/or phone on a weekly basis regarding the status of the project.
- (e) Provide a quarterly project report on program performance, utility and participant enrollment changes and lessons learned. The quarterly project report shall include issues related to utility participation and outlook for the next quarter. The quarterly report shall be due thirty (30) days after the end of each calendar quarter.
- (f) ENERGY NORTHWEST shall acknowledge any BPA request for information within three (3) Business Days and respond within ten (10) Business Days thereafter. Similarly, BPA shall acknowledge any ENERGY NORTHWEST request for information within three (3) Business Days and respond within ten (10) Business Days thereafter.

6. INFORMATION SECURITY

- (a) ENERGY NORTHWEST shall protect the data and information systems used in the performance of the contract at all times commensurate with the risk and magnitude

of harm that could result to Federal security interests and BPA's missions and programs resulting from a loss or unauthorized disclosure of confidentiality, availability, and integrity of these information or systems.

- (b) The data that ENERGY NORTHWEST is collecting and providing to BPA has a Federal Information Processing Standards Publication (FIPS) 199 Standards for Security Categorization of Federal Information and Information Systems potential impact rating identified in Table 6.1. ENERGY NORTHWEST shall protect the data using the most current final version of National Institute of Standards and Technology (NIST) 800-53 Security and Privacy Controls for Federal Information Systems and Organizations or International Standards Organization ISO-27001:2005/2013 for a low rated system.

TABLE 6.1 FIPS 199 POTENTIAL IMPACT RATING			
Participant	Confidentiality	Integrity	Availability
BPA	LOW	LOW	LOW
NW Hardwoods Centralia	LOW	LOW	LOW
City of Richland	LOW	LOW	LOW
Cowlitz Public Utility District	LOW	LOW	LOW
Eugene Water and Electric Board	LOW	LOW	LOW
Kootenai Electric Cooperative	LOW	LOW	LOW

- (c) ENERGY NORTHWEST shall maintain an information security and/or data security plan or program consistent with industry standards such as NIST, as required by the E-Government Act (Public Law 107-347) of 2002, Title III Federal Information Security Management Act (FISMA).
- (d) The BPA Chief Information Officer (CIO), or representatives, shall have the right to examine, audit, and reproduce upon reasonable notice ENERGY NORTHWEST's information security and/or data security plan or program relating solely to this Agreement, subject to the requirements imposed by the U.S. Nuclear Regulatory Commission or other federal or state agencies.
- (e) ENERGY NORTHWEST, at its sole expense, may either (i) address and correct any deficiencies and/or noncompliance with the information security requirements in the Agreement as identified by BPA (ii) or terminate this Agreement under Section 9.
- (f) Prior to BPA acceptance of the DRACS, ENERGY NORTHWEST shall provide BPA with a written attestation that ENERGY NORTHWEST is protecting the data and information system in compliance with either: (i) the most current final version of NIST 800-53 Security and Privacy Controls for Federal Information Systems and Organizations; or (ii) ISO-27001:2005/2013. ENERGY NORTHWEST shall hold the attestation valid for one calendar year. Upon the one year anniversary of the attestation ENERGY NORTHWEST shall provide a new attestation covering the next one year period of the Agreement.

- (g) In the event that ENERGY NORTHWEST fails to meet the information security requirements in Section 6 of this Agreement, BPA shall provide ENERGY NORTHWEST with a written notice documenting ENERGY NORTHWEST's failure to meet the performance requirements and direct ENERGY NORTHWEST to take corrective action within thirty (30) days to comply with the information security requirements. If ENERGY NORTHWEST fails to correct the information security deficiencies during the thirty (30) day correction period then either BPA or ENERGY NORTHWEST may terminate this Agreement according to Section 9 of this Agreement.

7. PAYMENT

- (a) ENERGY NORTHWEST shall provide BPA with aggregate Event metering and baseline information and an invoice on or before the 5th Business Day of the following month after the capacity was provided.
- (b) The Monthly Capacity Payment shall be calculated as follows: (1) BPA shall multiply the Capacity Price, as defined in Exhibit A, by the Required Capacity for each Dispatch Group, as defined in Exhibit A. The product of these two numbers is multiplied by the Nominal Availability, as specified in Exhibit A. The product of this operation is the Dispatch Group's maximum potential Capacity Payment for the month. (2) BPA shall verify ENERGY NORTHWEST's performance during the previous calendar month and subtract the appropriate amounts for any Outages from the maximum Capacity Payment for the month. (3) BPA shall verify any Unsuccessful Event Payment Reductions that are required for the previous month and subtract the appropriate amounts from the maximum potential Capacity Payment for the month. The remaining amount after these steps are completed is the Dispatch Group's Monthly Capacity Payment. (4) For the first month that capacity is provided the Dispatch Group's Monthly Capacity Payment shall be multiplied by (i) the actual hours of Dispatch Group availability provided in the month divided by ii.) for Dispatch Group A seven-hundred and thirty (730) hours or iii.) for Dispatch Group B three-hundred and seventy-two (372) hours to provide a pro rata adjustment. Notwithstanding the actual availability of the Dispatch Group the hours of capacity calculated for the first day of the first month that capacity is provided shall equal one-hundred percent (100%) of the availability hours for the Dispatch Group identified in Exhibit A.
- (c) BPA shall pay ENERGY NORTHWEST any Monthly Capacity Payment owed via electronic funds transfer. At no time shall the Monthly Capacity Payment to ENERGY NORTHWEST total less than zero.
- (d) Payment shall be made to ENERGY NORTHWEST on or before the 20th day of the following month after the capacity has been made available. If the due date falls on a non-Business Day, then the payment shall be due on the next Business Day.
- (e) BPA shall not make any adjustments to the power or transmission bills for any of the utilities participating on the project in response to an Event under this Agreement. ENERGY NORTHWEST affirmatively represents that it has discussed this fact with the utilities participating in this project and these utilities have accepted all risks associated with this project.

8. STANDARD PROVISIONS

(a) **Amendments**

No amendment of this Agreement shall be of any force or effect unless set forth in a written instrument signed by authorized representatives of each Party.

(b) **Entire Agreement**

This Agreement, including documents expressly incorporated by reference, constitutes the entire Agreement between the Parties. It supersedes all previous communications, representations, or contracts, either written or oral, which purport to describe or embody the subject matter of this Agreement.

(c) **Dispute Resolution**

This Agreement shall be interpreted consistent with and governed by federal law. ENERGY NORTHWEST and BPA shall identify any issue(s) in dispute arising out of this Agreement and make a good faith effort to negotiate a resolution of such disputes before either may initiate litigation or arbitration. Such good faith effort shall include discussions or negotiations between the Parties' executives or managers. Pending resolution of a contract dispute or contract issue between the Parties, the Parties shall continue performance under this Agreement unless to do so would be impossible or impracticable.

(d) **Uncontrollable Forces**

A Party shall not be in breach of an obligation under this Agreement to the extent its failure to fulfill the obligation is due to an Uncontrollable Force. "Uncontrollable Force" means an event beyond the reasonable control, and without the fault or negligence, of the Party claiming the Uncontrollable Force, that prevents that Party from performing its obligations under this Agreement and which that Party could not have avoided by the exercise of reasonable care, diligence and foresight. Uncontrollable Forces include each event listed below, to the extent it satisfies the foregoing criteria, but are not limited to these listed events:

- (i) any curtailment or interruption of firm transmission service on BPA's or a Third Party Transmission Provider's System that prevents ENERGY NORTHWEST from performing under this Agreement;
- (ii) any failure of ENERGY NORTHWEST distribution or transmission facilities that prevents ENERGY NORTHWEST from performing under this Agreement;
- (iii) strikes, slowdowns or work stoppage;
- (iv) floods, earthquakes, other natural disasters, or acts of war or terrorist acts;
- and
- (v) final orders or injunctions issued by a court or regulatory body having subject matter jurisdiction which the Party claiming the Uncontrollable Force, after diligent efforts, was unable to have stayed, suspended, or set aside pending review by a court having subject matter jurisdiction.

Neither the unavailability of funds or financing, nor conditions of national or local economies or markets shall be considered an Uncontrollable Force. The economic hardship of either Party shall not constitute an Uncontrollable Force. Nothing contained in this provision shall be construed to require either Party to settle any strike or labor dispute in which it may be involved.

If an Uncontrollable Force prevents a Party from performing any of its obligations under this Agreement, such Party shall:

- (i) immediately notify the other Party of such Uncontrollable Force by any means practicable and confirm such notice in writing as soon as reasonably practicable;
- (ii) use commercially reasonable efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligation hereunder as soon as reasonably practicable;
- (iii) keep the other Party apprised of such efforts on an ongoing basis; and
- (iv) provide written notice of the resumption of performance.

9. TERMINATION

- (a) After March 20, 2015, either Party may give notice of termination of this Agreement without further liability by providing written notice fourteen (14) Business Days in advance of such termination to the other Party. The termination notice shall identify the reason for the termination.
- (b) In the event of termination due to ENERGY NORTHWEST's failure to meet the DRACS requirements in Section 3, the notice of termination shall be effective three (3) days after receipt by the non terminating Party.
- (c) In the event of termination due to the number of Unsuccessful Events as provided in Section 4(d), the notice of termination shall be effective three (3) days after receipt by the non terminating Party.
- (d) In the event of termination due to the information security deficiencies as provided in Section 6, the notice of termination shall be effective three (3) days after receipt by the non terminating Party.
- (e) Upon termination of the Agreement, any liabilities of a Party under this Agreement incurred under the terms of this Agreement prior to the date of termination and which have not been satisfied as of the date of termination, shall be preserved until satisfied. For the sake of clarity and avoidance of doubt, under no circumstances shall either Party be liable to the other Party for incidental, consequential or punitive damages, including but not limited to claims for loss of power or claims for economic loss.

10. NOTICES AND CONTACT INFORMATION

Any notice required under this Agreement that requires such notice to be provided under the terms of this section shall be provided in writing to the other Party in one of the following ways:

- (a) delivered in person;
- (b) by a nationally recognized delivery service with proof of receipt;
- (c) by United States Certified Mail with return receipt requested;
- (d) electronically, if both Parties have means to verify the electronic notice's origin, date, time of transmittal and receipt; or
- (e) by another method agreed to by the Parties.

Notices are effective when received. Either Party may change the name or address for delivery of notice by providing notice of such change or other mutually agreed method. The Parties shall deliver notices to the following person and address:

If to ENERGY NORTHWEST Energy Northwest MD 1035 PO Box 968 345 Hill Street Richland WA 99352 Attn: Ted Beatty, Manager Generation Project Development, Energy Services & Development Phone: 509-372-5531 E-Mail: tbeatty@energy-northwest.com	If to BPA: Bonneville Power Administration 905 NE 11th Ave. P.O. Box 3621 Portland, OR 97208-3621 Attn: John Wellschlager – PTL-5 Account Executive Phone: 503-230-5944 FAX: 503-230-3681 E-Mail: jdwellschlager@bpa.gov
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11. SIGNATURES

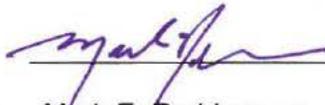
The Parties have executed this Agreement as of the last date indicated below.

ENERGY NORTHWEST

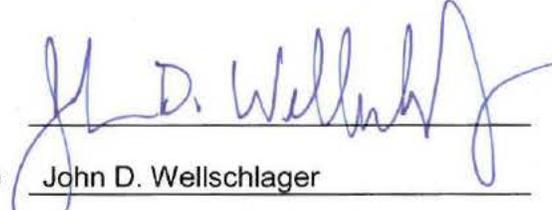
UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By

By



Name Mark E. Reddemann
Title Chief Executive Officer
Date 9/10/14



Name John D. Wellschlager
Title Account Executive
Date 9/9/2014

**EXHIBIT A
DISPATCH GROUP REQUIREMENTS**

Dispatch Group	Dispatch Group Name	Required Capacity	Ramp Time	Availability	Maximum Duration	Maximum Event Frequency	Maximum Event Frequency	Minimum Recharge Period	Capacity Price	Nominal Availability	Capacity Payment
		[kW]	[minutes]		[hours]	[per week]	[per month]	[hours]	[\$/kW-month]	[% of 730 hour/month]	[\$/month]

(b)(4)

EXHIBIT B MEASUREMENT AND VERIFICATION

(A) General Information

- (1) Exhibit B defines four (4) types of measurement and verification (M&V) procedures. Each one defines how to quantify the capacity delivered on a minute by minute basis. Each asset must be linked to one of these four M&V methods.
- (2) The aggregate total capacity delivered for a dispatch group is achieved by calculating the capacity delivered for each measured asset participating in an Event, on a minute by minute basis, summing those values first, then, applying the test for the minimum capacity delivered over the Event. If the minimum one minute aggregate delivered capacity is less than the contractual capacity of a dispatch group that constitutes an Unsuccessful Event.
- (3) Disabling an asset does not relieve ENERGY NORTHWEST from the contractual required capacity of the applicable dispatch group. This does not refer to the availability / unavailability of a dispatch group, but rather to the readiness status of each individual asset. The ENERGY NORTHWEST data recording systems shall record the enable / disable status for each asset on a minute by minute basis for the duration of the contract. Assets that are enabled are included in an Event's aggregate total capacity summation for the applicable dispatch group. Assets that are disabled are not included in an Event's aggregate total capacity summation for the applicable dispatch group. In order for an asset to be considered disabled for a given Event, the disable function for that asset must be recorded as such during that entire Event. Disabling an asset does not relieve ENERGY NORTHWEST from the contractual required capacity of the applicable dispatch group.

(B) Direct Load Control – Metered (DLCM)

- (1) This section describes the measurement and verification methods to be used for loads or load groupings with one or more specified metering data points which, in the aggregate, definitively describe and quantify the asset load power at specific timed intervals.
- (2) Loads verified under this section shall be metered directly and average real power (kW) shall be recorded at one minute intervals on an on-going basis during the duration of the Contract. Each power meter shall strive to have an internal watt transducer with a minimum of 1% accuracy for energy (kWh), but no more than 4%. The location of meter(s) must ensure that the subject DR asset load and any interdependent loads are captured by the metering. It is recommended that the DR asset capacity amount be at least 20% of the average load being metered in order to reduce error in the Event capacity calculation. In some cases it may be reasonable to meter at the facility service entrance.
- (3) Baseline for a load measured and verified under this section shall be the metered power (kW) averaged over the 30 minutes prior to the date/time stamp of the Event notification. This power (kW) amount shall be considered constant during the Event.

- (4) Capacity delivered on a minute by minute basis shall be the difference between the Event Baseline and each one minute average power (kW) measured during the Event.

(C) Direct Load Control – Not Metered (DLCNM)

- (1) This section describes the measurement and verification methods to be used for loads or load groupings, distributed geographically and or electronically, where metering each sub load within the load is neither reasonably feasible or cost efficient.
- (2) For loads measured and verified under this section ENERGY NORTHWEST shall provide confirmation of Event response by providing proof of monitoring, recording, and reporting equipment showing (1) the initiation and termination signals generated by and sent to controls from the DRACS and (2) confirmation of the affected substations' operation over the Event duration.
- (3) Baselines shall not be determined for loads measured and verified under this section.
- (4) ENERGY NORTHWEST shall prepare documentation establishing each substation participating in load control signals and, one time only, quantity of active retail load controllers. Capacity delivered on a minute by minute basis shall be the product of the confirmed quantity of dispatched controllers and the corresponding power (kW) shown in Table 1, below. For Events spanning multiple hours the capacity response per controller shall be the value shown in Table 1 for that corresponding time window.

Hour Ending	Weekday (Mon-Fri) [kW]	Weekend (Sat-Sun) [kW]
0100	0.154	0.178
0200	0.132	0.129
0300	0.104	0.110
0400	0.108	0.117
0500	0.105	0.090
0600	0.132	0.097
0700	0.466	0.178
0800	0.638	0.397
0900	0.558	0.590
1000	0.526	0.726
1100	0.472	0.581
1200	0.421	0.584
1300	0.360	0.523
1400	0.368	0.459
1500	0.302	0.453
1600	0.270	0.400
1700	0.345	0.430
1800	0.352	0.410
1900	0.449	0.516
2000	0.458	0.585
2100	0.478	0.537
2200	0.463	0.508
2300	0.327	0.400
2400	0.275	0.307

(D) Demand Voltage Reduction (DVR)

- (1) This section describes the measurement and verification methods to be used for loads or load groupings that deliver capacity via a change in the distribution system voltage.
- (2) For loads measured and verified under this section ENERGY NORTHWEST shall:
 - (a) Measure and record three-phase average voltage at one minute intervals for each voltage control zone, feeder regulator and/or transformer load tap changer (LTC); and
 - (b) Measure and record average power (kW) delivered to each voltage control zone at one minute intervals.
- (3) Baselines shall not be determined for loads measured and verified under this Section.
- (4) For each voltage control zone, capacity delivered on a minute by minute basis shall be the product of measured load (kW), the % change in voltage for that minute (expressed as a fractional change), and a deemed demand voltage

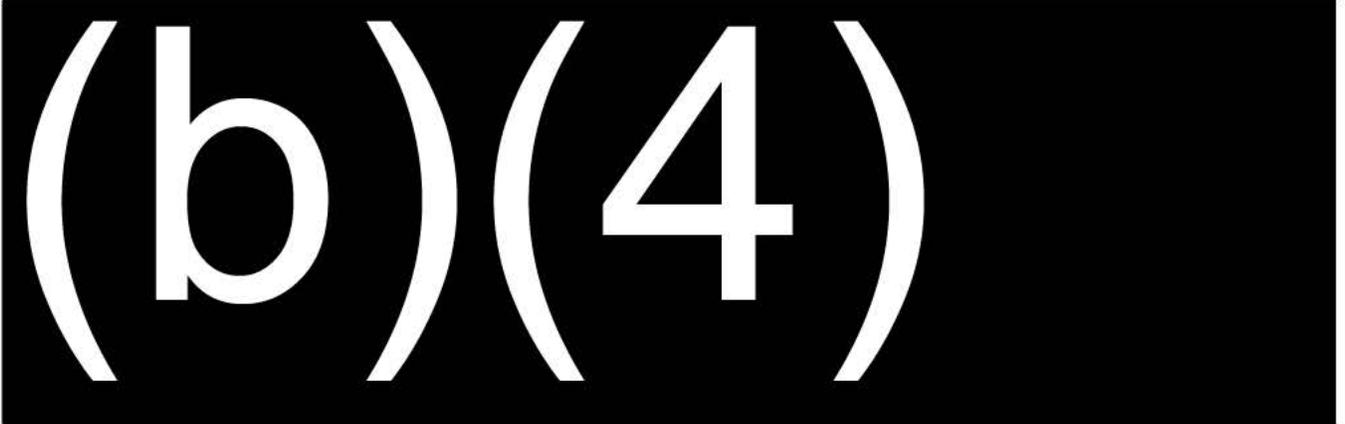
reduction (DVR) load response factor of 0.5 (%kW / % voltage change). The parties may revise the agreed-to deemed DVR factor by mutual written Agreement. ENERGY NORTHWEST will document and report the voltage set points at one minute intervals during each Event.

(E) Battery Energy Storage System (BESS)

- (1) This section describes the measurement and verification methods to be used for loads or load groupings that are battery based electrical energy storage systems
- (2) For loads measured and verified under this section ENERGY NORTHWEST shall record one minute power (kW) at the point the battery system interconnects to the AC grid and record one minute load profile data sets for power delivered to the grid and power received from the grid.
- (3) Baseline shall be the power (kW) into or out of the AC grid during the minute immediately preceding the date/time stamp of the Event notification.
- (4) Delivered capacity on a minute by minute basis shall be the absolute value one minute average difference between baseline and metered power to grid. If the battery is receiving power from the grid when the Event notification occurs, this charging power will increase the delivered capacity as metered power to grid. If the battery is delivering power to the grid when the Event notification occurs, this power will reduce the delivered capacity as metered power to grid.

EXHIBIT C
ASSET INVENTORY

1. City of Richland



a. City of Richland Demand Voltage Reduction

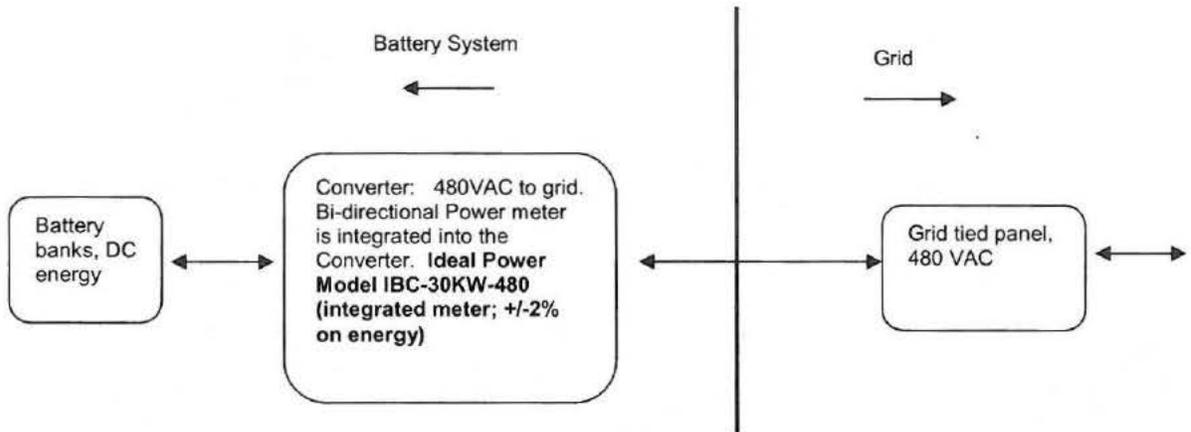
(b)(4)

(b) (4)

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b. City of Richland Powin Energy Battery

(b)(4)



2. Kootenai Electric Cooperative

(b) (4)

a. Kootenai Electric Cooperative Demand Voltage Reduction

(b) (4)

(b)(4)

(b)(4)

(b)(4)

b. (b)(4)

(b)(4)

3. Eugene Water and Electric Board

(b)(4)

a. (b)(4)

(b)(4)

(b)(4)

b. (b)(4)

(b)(4)

ENERGY NORTHWEST to provide Metering 1-line once details are finalized.

c. (b)(4)

(b)(4)

ENERGY NORTHWEST to provide Metering 1-line once details are finalized.

d. Eugene Water and Electric Board Eugene Sand and Gravel

(b)(4)

ENERGY NORTHWEST to provide metering 1-line once details are finalized.

e. Eugene Water and Electric Board Northwest Hardwoods at Bethel Road

(b)(4)

ENERGY NORTHWEST to provide Metering 1-line once details are finalized.

f. Eugene Water and Electric Board Northwest Hardwoods at Prairie Road

(b)(4)

ENERGY NORTHWEST to provide Metering 1-line once details are finalized.

g. Eugene Water and Electric Board University of Oregon Building Management

(b)(4)

ENERGY NORTHWEST to provide Metering 1-line once details are finalized.

4. **Cowlitz Public Utility District**

(b)(4)

a. **Cowlitz Public Utility District Northwest Hardwoods**

(b) (4)

ENERGY NORTHWEST to provide Metering 1-line once details are finalized.

b. **Cowlitz Public Utility District NORPAC Refiner Mill**

(b)(4)

(b)(4)

5. Centralia City Light

(b)(4)

a. (b)(4)

(b)(4)

(b)(4)