

November 02, 2015

Dear Interested Parties:

FERC recently approved NERC standard BAL-003-1 covering primary frequency response reserves:

<http://www.nerc.com/pa/Stand/Reliability%20Standards/BAL-003-1.pdf>

The NERC standard requires each Balancing Authority or reserve sharing group to meet its annual primary frequency response obligations as demonstrated by submitting a compliance form each March 7 to NERC. Frequency response obligations can be met by purchases, which NERC refers to as “Transferred Frequency Response.” The first compliance year for BAL-003-1 is December 01, 2016 through November 30, 2017.

The Bonneville Power Administration (BPA) has surplus primary frequency response reserves and is interested in selling its surplus to Balancing Authorities within WECC who have insufficient primary frequency response to meet their frequency response obligation for the first compliance year.

As such, BPA is issuing the attached draft contract to provide up to 80MW/0.1Hz of Transferred Frequency Response for the first compliance year. BPA is seeking indicative bids to purchase frequency response along with comments on the draft contract. From these responses BPA will create a short-list of potential counterparties shortly after this offer closes on November 13, 2015 and work with those counterparties through the winter to finalize contract terms. BPA expects to execute frequency response contract(s) in the Spring of 2016.

BPA does not intend to publically disclose individual bids or comments obtained in response to this request for offers that contain proprietary information.. To the full extent that it is protected under the Freedom of Information Act, information identified by a respondent as “Proprietary” or “Confidential” will be kept confidential.

Note that BPA must satisfy the needs of the Pacific Northwest¹ prior to selling surplus capacity² and energy outside of the Pacific Northwest. Therefore, if Pacific Northwest Balancing Authorities submit offers

¹ Oregon, Washington, Idaho, the state of Montana west of the Continental Divide, and such portions of the states of Nevada, Utah and Wyoming within the Columbia River drainage basin.

² Frequency response is a form of capacity.



whose prices match or exceed offers from outside the Pacific Northwest, BPA must first sell to Pacific Northwest counterparties.

Indicative bids and comments on the draft contract and are due to Dan Le at nle@bpa.gov no later than COB November 13, 2013.

Specific questions should be directed to Dan Le at (503) 230-3144, nle@bpa.gov or Debra Malin at (503) 230-5701, djmalin@bpa.gov.