

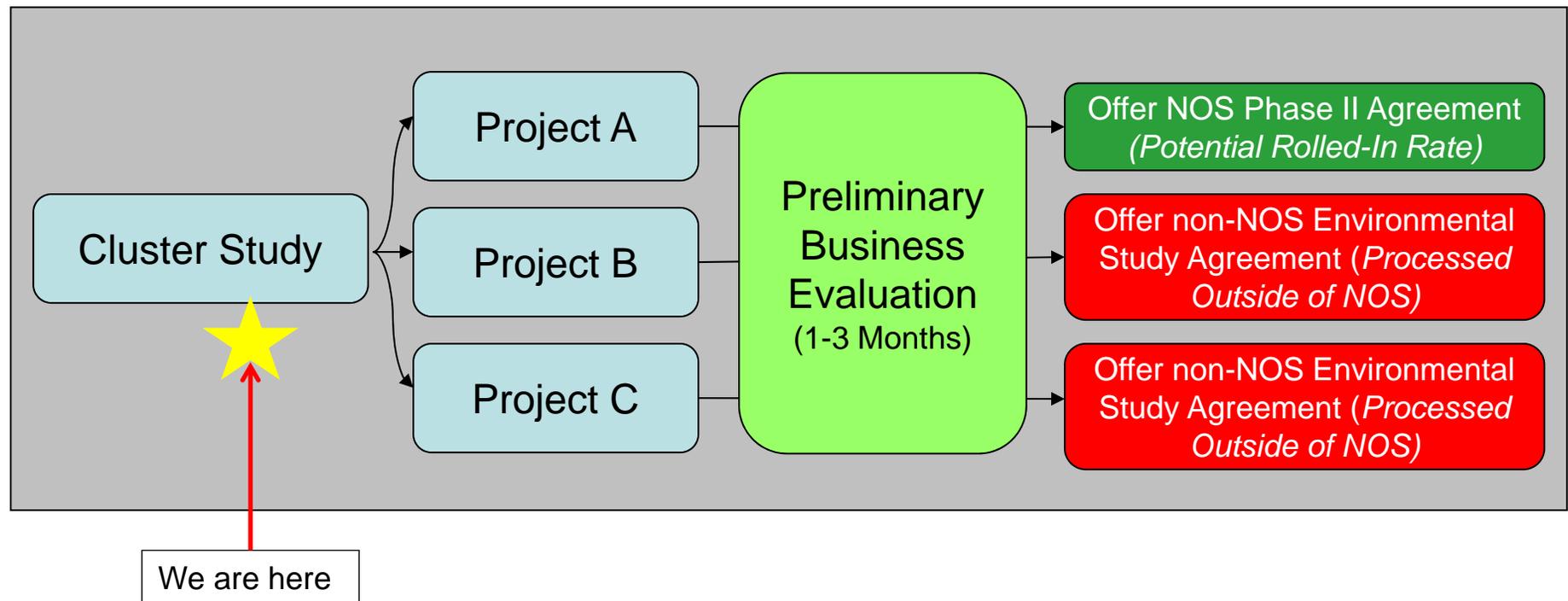
NOS Process Update

November 18, 2013



NOS Process Update

- This diagram demonstrates the relationship between:
 - Resulting plans of service (projects) from the Cluster Study
 - Business Evaluation
 - The offering of NOS Phase II Agreement or non-NOS Environmental Study Agreement (**ESA**)



NOS Process Next Steps

- Staff is currently developing numerous materials for Customer review
 - 2013 NOS Bulletin – intent is to post for Customer review within the coming weeks
 - Likely will be discussion item at future Customer meeting(s)
 - NOS Agreement templates for Phase II and Phase III of the process
 - Phase II – Environmental Review and Preliminary Engineering
 - Phase III – Precedent Transmission Service Agreement
 - Tariff revisions to incorporate NOS Reform elements

Discussion on Future Cluster Studies

Table1: Overview of MW Reduction for 2013 Cluster Study

	MW	Notes
MW Originally Eligible for 2013 Cluster Study	7820	
Reduction: No Data Exhibit Submitted	405	
Reduction: Deficient Data Exhibits	1450	
Total MW Reduction Due to Data Exhibit Policies	1855	24% of Originally Eligible
MW Tendered Cluster Study Agreement	5965	
Reduction: Elected not to Include TSRs in Study	2492	42% of MW Offered
Total MW Attrition	4347	
Total MW In 2013 Cluster Study	3473	

- Approximately 56% (4,347 MW) of originally-eligible MW for the 2013 Cluster Study ended up not moving into the study
 - These requests either could not meet the Data Exhibit information requirement, or Customers elected to not commit funds to have the requests participate in the Cluster Study
 - Such a degree of MW loss was not anticipated by BPA staff

Discussion on Future Cluster Studies

- Reminder: Based on the NOS Reform decision, the current plan is to implement a 6-month security requirement for participation in future Cluster Studies
- Table 2 shows a comparison of the financial requirements for a 100-MW TSR in the current Cluster Study versus what is expected for 2014 Cluster Studies and beyond

Table 2: Comparative Table of Estimated Financial Requirements for a 100-MW Request in the 2013 Cluster Study vs. Future Cluster Studies

Description	Funding Model	Typical Amount	Comments
2013 Cluster Study	Pro Rata Share	\$15,000	Based on an approximate \$150/MW estimated cost.
Opt-out SIS/SFS	100% Advance Fund of Individual Study	\$20,000	Based on typicals
2014 Cluster Study (current per NOS Reform decision)	Six-month Security Requirement	\$887,400	Based on FY14-15 rates of \$1.479/kW/mo

Discussion on Future Cluster Studies

- Given the level of MW reduction based on BPA policy and Cluster Study funding requirements (Table 1), staff would like to explore the viability of using the 2013 Cluster Study process indefinitely
 - Would allow for data collection and analysis from the current and future studies to inform and validate the basis for a higher entry requirement
 - The region's risk of cost shift remains unchanged under this Cluster Study methodology

Comments

- Comments due December 5, 2013
 - Please provide written comments to techforum@bpa.gov by **December 5, 2013** on the potential use of the current Cluster Study financial components for future Cluster Studies