

Network Open Season Regional Economic Benefit Assessment (REBA) Update

BPA Customer Meeting
02-27-2014

Summary

- Brief overview of REBA
- Discussion of customer comments
- BPA modeling updates
- Next steps

REBA Overview

- Strategic input to Cluster Studies
 - Lower total energy costs for customers if transmission congestion relief allows lower cost generation to be delivered to load
 - Differential analysis of changes in variable costs and transmission path utilization with and without the proposed additions identified by the 2013 NOS Cluster Study
- Security-constrained economic dispatch and unit commitment simulation (production cost)
 - Regional perspective (“single owner” dispatch assumption)

BPA Modeling Updates

- Basecase development
 - Near-term “Root case” reflecting existing system topology and resource fleet
 - Developing hydro sensitivities for PNW
 - Working on future year cases (5 and 10 years out)
- Coordination with ColumbiaGrid Economic Planning Team

Stakeholders that Filed Comments on 2013 NOS Financial Considerations

- PNGC
- Public Power Council (PPC)
- Puget Sound Energy (PSE)
- Renewable Northwest Project (RNP)
- Tilghman Associates
- Western Public Agencies Group (WPAG)

Discussion of REBA Comments

■ **Should BPA continue to use REBA in NOS?**

- No, although still use to assess need for regional transmission
- No, if it will be used to justify additional projects at embedded rates
- Yes, as there is a FERC Order 1000 obligation to consider indirect and social benefits of new transmission
- Yes, though REBA as presently formulated underestimates full scope of regional benefits
- Maybe, with clarification requested on how BPA intends to use the results and on the assumptions BPA is employing

Discussion of REBA Comments

- **What benefits should be considered?**
 - Limit consideration to benefits agreed to by BPA and Customers in 2007 CIFP arrangement
 - Greater consideration of social costs of greenhouse gas (GHG) emissions, and associated public policies
 - Greater consideration of other regional public policy priorities
 - Exclude benefits that would be realized outside the Pacific Northwest
 - Net benefits calculation should include costs of integrating new resources
 - Reliability benefits have previously been understated

Discussion of Next Steps