

South of Allston: I-5 Project Decision and Discussion on Commercial Alternatives

June 14, 2017

Decision to Not Construct the I-5 Project

- On May 18, [BPA announced its decision](#) that it would not complete the I-5 Project
 - Reflects the commitment to pursue more flexible, scalable and cost-efficient approach to managing the transmission system
 - Investments in real-time system visibility and new tools to manage congestion may result in additional transmission capacity that can be released for operational use or to enable additional commercial sales
 - Will seek to adjust the Agency's risk approach to align with industry standards
 - This may result in certain capacity increases on BPA's transmission network

Future Commercial Study Discussion

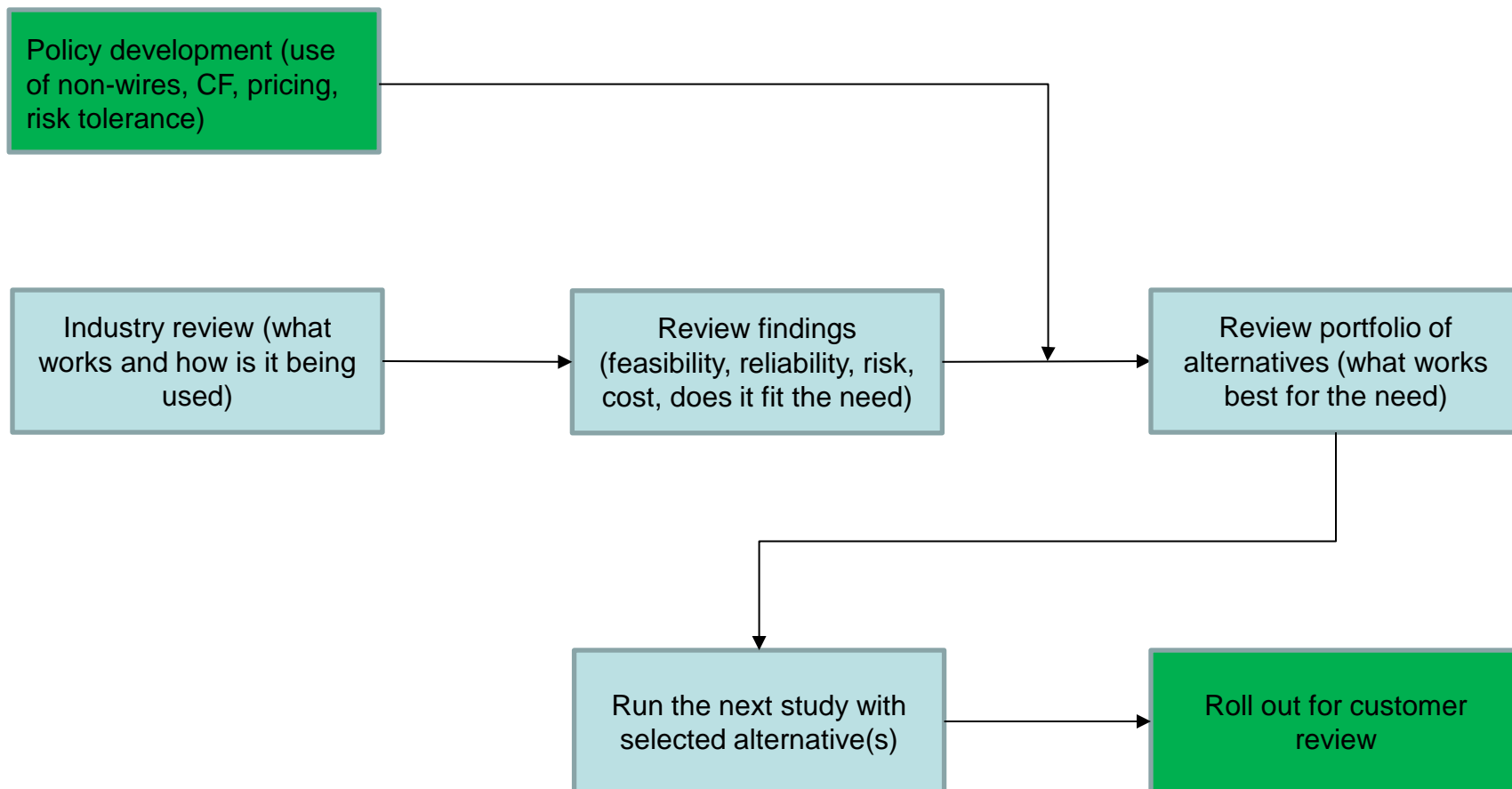
Alternatives to Increase Long-Term Firm Offers

- Use advanced technology and non-wires alternatives to reduce peak congestion (e.g. summer re-dispatch pilot).
 - Expand the use of flexible and scalable technology such as battery storage, and Demand Side Management (DSM)
 - Explore the use of planning re-dispatch, and the use of flow control devices such as phase shifters, series reactive devices.
- Enhance regional planning opportunities

Approaches to Evaluating These Alternatives

- Benchmark with other utilities to see how they are utilizing non-wires and other no build alternatives.
- Evaluate benefits, feasibility, reliability, risks, costs, and which alternatives fits the need best.
- Review the portfolio of alternatives and determine how they work together and what combination most cost-effectively meets our customer and our needs and maintains system reliability.
- Put the alternatives into the future study process and review the study results with customers, including proposed rate treatment for such plans (incremental or embedded rate pricing).
- Many of these alternatives will require policy development
 - E.g., planning redispatch, conditional firm, pricing/cost allocation policies to support these alternatives

Process for Implementing Alternatives



Interim Long-term Service Alternatives

Principles for Interim Service

- The decision to not construct the I-5 Project requires BPA to find new ways to grant firm long-term service over the SOA flowgate.
- Until BPA can fully implement alternative sustainable approaches to increasing capacity over the SOA path, BPA will maintain the following principles for providing any interim service:
 - In alignment with BPA's [Strategic Intent paper](#) released in 2015, strive to meet our load service obligations and maintain compliance with BPA's OATT
 - Continued commitment to providing customers with firm service consistent with the *pro forma* tariff
 - Customers retain the right to participate in a process to secure firm service (i.e., BPA's future study process)

Elements of Interim Long-term Service

- While BPA develops the future commercial study process, BPA is also evaluating modifications to a number of interim policies and initiatives related to Available Transfer Capability (ATC) and queue management.
- The goal is to maximize the firm service that can be provided on the entire BPA network:
 - ATC adjustments
 - Exploring planning redispatch
 - Relying on Conditional Firm
 - Evaluating certain policies related to queuing procedures
 - E.g., Elimination of remainder requests, elimination of rollover to service agreements with service term of less than 5 years

Doing Business During this Interim Period

- BPA will continue to work with its NT customers through the NT Planning Dialogue and will focus on those customers who expect to designate resources during the interim period
- BPA will continue to evaluate an expansion of Conditional Firm (CF) service as the service option that would deliver the most value to Point-to-Point customers, beginning with the SOA flowgate
- All customers will continue to have equal access to the hourly firm market, for as long as it remains available

Interim Alternative Service – Conditional Firm

- Beginning with the SOA flowgate, BPA is considering utilizing CF service in a similar manner to firm transmission service, generally;
 - Customers would be required to accept an offer of CF over the SOA flowgate in order to remain in BPA's transmission queue
 - BPA would modify its policies to consider this service as a 'bridge' CF service to the future study process
 - Firming conditions would be locked in, and not subject to reassessment
- Customers that accept this CF service option would retain queue position, and be offered the option to be studied once BPA has implemented its future study process to create firm SOA capacity
- Alternatively, customers can choose not to participate in the study and take Reassessment CF service, if eligible

Interim Alternative Service – Conditional Firm (cont.)

- In order to maximize the ability for BPA to make CF service offers, BPA is considering the following:
 - Making TSRs with service commencement dates beyond 3-years eligible for CF
 - Ability to offer CF on interties and external interchanges
 - Working with customers regarding eligibility requirements
 - E.g., requests sourcing from Mid-C and FCRPS
 - Developing additional CF inventory levels, as necessary
- BPA is actively working on these requirements and modifications, however, these will take time, resources, and system changes

Next Steps

- BPA will hold additional customer workshops beginning this July
 - Further development of the interim alternatives.
 - Longer-term gap closures
 - Tariff changes