Transmission Business Model

Pro Forma/Industry Standard Gap Assessment:

Direction and Next Steps
<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
<th>Presenter</th>
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<tbody>
<tr>
<td>9 to 9:15</td>
<td>Welcome and Introductions</td>
<td>Rachel Dibble</td>
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<td>9:15 to 10:15</td>
<td>BPA Transmission Business Model</td>
<td>Jeff Cook, Michelle Manary, Michelle Cathcart</td>
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<td>• Overview/Context</td>
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<td>10:15 to 10:30</td>
<td>Break</td>
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<td>10:30 to Noon</td>
<td>Pro Forma Gap Analysis</td>
<td>Jeff Cook, Michelle Manary, Michelle Cathcart</td>
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<td>• Gaps identified between BPA tariff and FERC</td>
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<td>• pro forma tariff/industry standards</td>
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<td>• Recommendations for gap closure</td>
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<td>LUNCH</td>
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<td>1 to 2</td>
<td>2016 Cluster Study Overview</td>
<td>Chris Jones, Ryan Jones</td>
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<td>• Study Content</td>
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<td>• Plans of Service</td>
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<td>• TSR Study &amp; Expansion Process Next Steps</td>
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<td>2 to 3:45</td>
<td>South of Allston Commercial Alternatives</td>
<td>Jeff Cook, Michelle Manary, Bob King</td>
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<td>• I-5 Decision Review</td>
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<td>• Future commercial study discussion</td>
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<td>• Interim commercial alternatives</td>
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<td>3:45 to 4</td>
<td>Next Steps</td>
<td>All</td>
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<td>End of Meeting</td>
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BPA Transmission Vision

BPA Transmission is committed to being a dependable and responsive business partner as we proactively navigate a changing environment to achieve economic and reliability benefits for our customers and the region.

To achieve this we will:

• Streamline and modernize processes and systems to support enhanced situational awareness and data-driven decision making
• Offer open access transmission service through standardized and value based products
• Support a culture of innovation and continuous improvement
WE ENERGIZE
THE PACIFIC NORTHWEST

Transmission Value Proposition

Operating a High Performing Grid
Enabling Economic Growth in the Region
Providing Access to Federal and Non-Federal Resources And Markets

Through Excellence in Offering and Managing

Product Portfolio
Providing standardized options
Value-based price profiles
Drawing from integrated regional planning

Infrastructure
Advanced situational awareness
Right-sized investments in assets
Value and risk-based asset management

Long-Term Viability
Data-driven decision making
Integrated and efficient processes
Innovation and continuous improvement

A Dependable and Responsive Business Partner

Safety
Trustworthy Stewardship
Collaborative Relationships
Operational Excellence
New Approaches to Transmission Business Model

1) Review enhanced alignment with FERC pro forma tariff and industry standards
   – Develop more accurate available transmission capacity calculations based on a flow based model
   – Implement policies and practices that facilitate timely and efficient processing of the queue
   – Evaluate commercial assumptions for planning studies
   – Align ancillary service schedules with pro forma, where possible

2) Evaluate and implement new state awareness tools for effective monitoring of the transmission system

3) Use of non-wires measures to reduce peak congestion and enable long term firm requests
Pro Forma Product Offerings

- Align long-term Available Transfer Capability (ATC) approach with industry standard
- Conform Conditional Firm offerings to pro forma
- Transition away from Hourly Firm as a product
- NT Service Implementation
  - Implement NT policy and procedures consistent with NAESB standards
  - Eliminate Conditional Firm NT service by including the attributes in NT service
- Use Network Operating Agreements as a tool to manage the planning and operational aspects of NT service, including NT redispatch
- Require undesignations for sales to non-designated third-party loads in order to improve visibility of customer generation to efficiently manage and maximize transmission availability and reliability
- Implement rebids on capacity (not on price)
Planning Study Solutions

• Calibrate commercial modeling assumptions based on studied risk tolerance and metrics
• Develop process for creating diversified plans of service for PTP and NT service requests that include non-wires options
• Allow customer to request to be studied for planning redispatch as part of system impact study for both PTP and NT service
• Study PTP Conditional Firm on request as part of system impact study
• Develop a planning process that incorporates load and resource forecasts and interconnection studies for NT customers
• Investigate potential study treatment for NT load growth
• Offer customer funded Intertie Studies to requests in the intertie queue
Queue Issues

• Develop a more robust follow through process for planning studies to achieve an end state for requests in the queue
• After implementing solutions to effectively manage transmission queue
  – Eliminate the Remainder Policy
  – Stop offering roll over rights to contracts with service term of less than 5 years.
• Source/Sink information
  – Require more granular POR/POD information
  – Require applications to identify source/sink in order to establish the queue date
• Generation Interconnection Queue
  – Currently validating requests in the queue
Ancillary Services and Losses

• Transition terms and conditions from Rate Schedule to Tariff Schedules
  – Change Schedule 9 from Loss Factor to Generation Imbalance
  – Create Tariff Schedule 3A/10 to document Generation Imbalance
    Capacity Charges terms and conditions (VERBS and DERBS)

• Loss Payback
  – Transition to OATI standard product and industry standard processes
Next Steps

- **Summer 2017**
  - Develop and publish workshop schedule

- **Fall 2017**
  - Tariff Process
  - Commercial Operations Roadmap to Inform FY18 and Beyond Sequence of Actions
  - Resource Implementation Plan