

# TSR Study and Expansion Process

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BPA Transmission Business Practice

**Version 4**  
**5/5/2020**

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## Version 4

This Business Practice describes the Bonneville Power Administration (BPA) Transmission Service Request (TSR) Study and Expansion Process (TSEP).

For more information, visit the [BPA Transmission Business Practices page](#) or submit questions to [techforum@bpa.gov](mailto:techforum@bpa.gov).

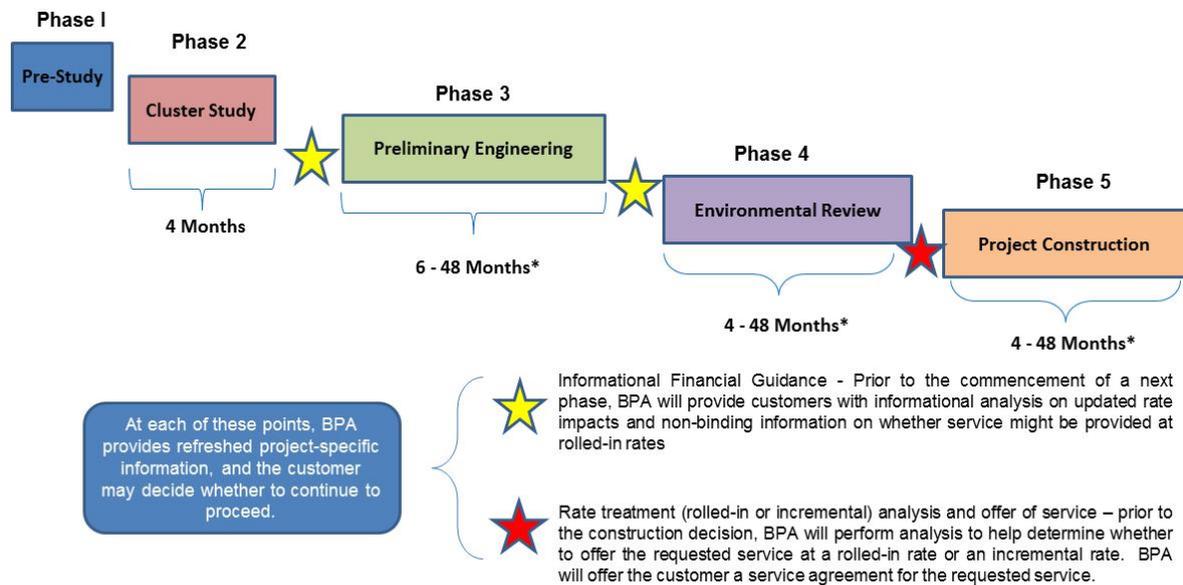
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## A. Overview

TSEP is a recurring process under which BPA responds to eligible requests for transmission service on the BPA Network. BPA conducts TSEP on a regular basis to help ensure consistent processing of eligible TSRs. TSRs are processed and studied collectively unless a Customer requests an individual study for a specific TSR. TSEP consists of five phases: Pre-Study, the Cluster Study, Preliminary Engineering, Environmental Review, and Project Construction.

Diagram – Overview of TSEP Phases



1. The Pre-Study phase includes the identification of eligible TSRs, the offer and return of signed Cluster Study Agreements, and the submission, review and validation of data exhibits. In the Cluster Study BPA aggregates TSRs to assess the collective system impacts and to identify the Plan(s) of Service<sup>1</sup> to meet the demand. Studying the TSRs collectively allows Customers to share the study costs.
2. Following the completion of the Cluster Study, the Customer may decide whether to proceed with further evaluation of the identified Plan(s) of Service for the Customer’s TSR(s). Based on the Customer’s decision, BPA may perform Preliminary Engineering and Environmental Review, as necessary.
3. After completion of preliminary engineering activities and any required Environmental Review, BPA will determine whether to proceed with the Plan(s) of Service to provide the requested transmission service.

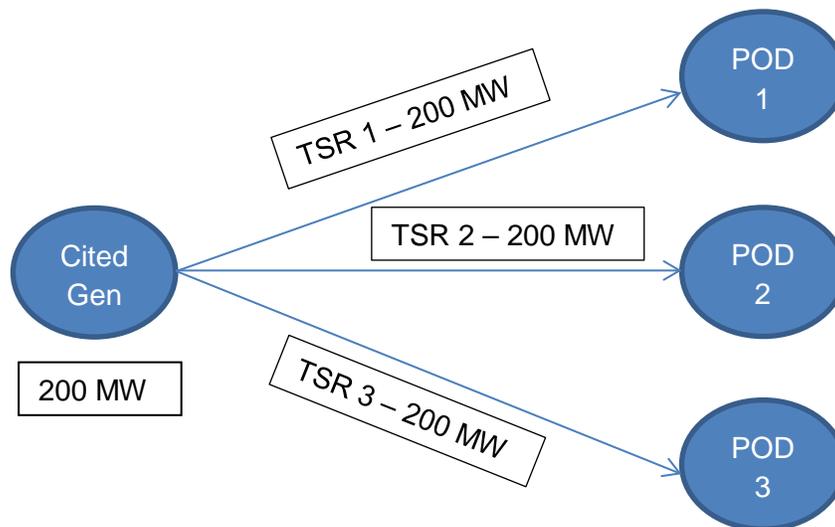
<sup>1</sup> “Plan of Service” as used in this business practice means any transmission facilities or other measure (e.g., transmission network upgrade or non-wire alternative) identified in a study as required to provide the requested transmission service.

## B. Pre-Study and Cluster Study Procedures

1. Notice of a Cluster Study
  - a. BPA will provide advance notification of a Cluster Study and will post notice of the study on the Open Access Same-Time Information System (OASIS).
  - b. The OASIS notice will describe:
    - i. The eligibility of TSRs for the Cluster Study;
    - ii. The timing and process for conducting the Cluster Study;
    - iii. The reasons for the Cluster Study;
    - iv. The deadline for submittal of TSRs eligible for the Cluster Study;
    - v. The deadline for Customers with TSRs eligible for the Cluster Study to submit a PTP or NT Data Exhibit for each TSR; and
    - vi. The date upon which BPA intends to commence the Cluster Study.
2. Data Exhibit Submittal and Validation
  - a. A Customer with one or more eligible TSRs must submit a completed PTP Data Exhibit or NT Data Exhibit for each TSR by the deadline in the notice of the Cluster Study posted on OASIS. The links to those documents can be found at Transmission Business Practice Forms webpage.
  - b. All completed data exhibits must be submitted to TXDataExhibits@bpa.gov with a copy to the Customer's Transmission Account Executive.
  - c. If BPA has not received a completed data exhibit for a Customer's TSR(s) by the deadline in the notice of the Cluster Study posted on OASIS, the OASIS status of the TSR(s) for which no data exhibit was submitted will be changed to DECLINED, and the TSR(s) will receive no further consideration.
  - d. BPA will review the exhibit received by the deadline for completeness and to validate that the exhibit contains all the information necessary to evaluate the impact of the TSR in the Cluster Study. BPA will notify the Customer once the information has been reviewed and validated.
  - e. If the data exhibit does not provide sufficient information for BPA to evaluate the impact of the TSR in the Cluster Study, BPA will contact the Customer to attempt to resolve any incomplete data. BPA will make best efforts to work with the customer to obtain information to enable validation of the data exhibit(s).
  - f. If the Customer is unable to provide sufficient information for BPA to validate the data exhibit, BPA will notify the Customer, the OASIS status of the Customer's TSR(s) will be changed to DECLINED, and the TSR(s) will receive no further consideration.
  - g. If the status of a Customer's TSR(s) is changed to DECLINED for the reasons stated in this section, the Customer's deposit will be returned within 30 calendar days, without interest, or the release of escrow funds will be authorized.
3. Data Exhibit Validation for TSRs with Demand Amounts that Exceed Cited Generating Facility Amounts

- a. When BPA receives a TSR and associated data exhibit for which the cumulative amount of service requested by that customer (requests and reservations) at the same POR, exceeds the cited generation capability (see an example below), BPA and the customer must further coordinate as described below. This coordination supports BPA’s validation of the data exhibit so that BPA can determine the appropriate assumptions for the cluster study and subsequent processing of the TSR. BPA will contact the Customer in this situation, identify the set of TSRs and data exhibits at issue, and provide information regarding how to proceed.

Example:



Cited Gen – Generation Facility Cited in Data Exhibits

POD – Point of Delivery

TSR – Transmission Service Request

- b. Once BPA has contacted the Customer and identified the TSRs and data exhibit(s) at issue, the Customer will have three options regarding how to proceed:
  - i. Provide written confirmation that the Customer 1) elects to have BPA study a cumulative amount of requested service equal to the generation facility capability cited in the data exhibit(s) at issue (notwithstanding the cumulative amount of service requested in the TSRs at issue), and 2) will not continue to seek service (either firm and/or Conditional Firm Service (CFS)) for that set of requests in excess of the generation facility capability cited in the data exhibits after completion of the Cluster Study. Once BPA has completed the Cluster Study and notified the Customer of the results, the Customer must withdraw the TSRs that it no longer wants to proceed with within 15 business days of BPA’s notification. If the Customer has not withdrawn the TSR(s) within 15 business days, BPA has the right to change the OASIS status of the TSR(s) to DECLINED and those TSRs will receive no further consideration.

- ii. Submit modified data exhibit(s) for review and validation by BPA that identify additional generation facilities associated with the TSRs such that the cumulative amount of service requested in the TSRs does not exceed the generation capability cited in the data exhibit(s); or
- iii. Provide other information for BPA to evaluate that would allow BPA to determine alternate planning assumptions for that set of TSRs.

#### 4. Cluster Study Agreement and Procedures

- a. BPA will offer a Cluster Study Agreement for each eligible TSR with a validated data exhibit.
- b. The Cluster Study Agreement will describe the scope of the Cluster Study and will include BPA's good faith estimate of the Cluster Study costs. The Cluster Study Agreement will require the Customer to provide funds in advance for its share of the estimated study costs on a MW-share basis.
  - i. If Cluster Study costs exceed the amount of funds collected, BPA may request additional funds as necessary to complete the Cluster Study.
- c. The Customer must sign and return the Cluster Study Agreement and fund in advance its full share of the Cluster Study costs within 15 Calendar Days of receipt of the Cluster Study Agreement. If the Customer fails to sign and return the Cluster Study Agreement or to provide the advance funding by the due date specified, BPA will change the OASIS status of the Customer's TSR(s) to DECLINED, and the TSRs will receive no further consideration. The Customer's deposit provided pursuant to OATT, will be returned, within 30 Calendar Days without interest, or the release of escrow funds will be authorized.
- d. Prior to completion of the Cluster Study, a Customer that has signed a Cluster Study Agreement may opt out of a Cluster Study by withdrawing its TSR(s) on OASIS. A Customer that withdraws its TSR(s) on OASIS after signing a Cluster Study Agreement but prior to the completion of the Cluster Study will remain liable for its MW- share of the study costs and will be liable for any costs of re-study or analysis that result from the Customer opting out. TSRs withdrawn on OASIS will receive no further consideration.
- e. BPA will use due diligence to complete the Cluster Study within 120 Calendar Days following the commencement of the Cluster Study. If BPA requires additional time to complete the study, BPA will notify the Cluster Study participants and provide an estimated time needed to complete the Cluster Study along with an explanation of the reasons that additional time is required.
- f. The results of the Cluster Study will include the following:
  - i. Any Plan(s) of Service required to provide transmission service to the Customer's TSR(s);
  - ii. A good faith estimate of the Customer's share of the cost of any required Plan(s) of Service (based on participation in the Cluster Study);
  - iii. A good faith estimate of the time required to complete the Plan(s) of Service and initiate the requested service;
  - iv. A good faith estimate of the cost of Direct Assignment Facilities to be charged to the Customer.

- v. Identification of any potentially impacted Third-Party Transmission Providers; and
  - vi. CFS study results consistent with the Customer's CFS elections in the Study Agreement (i.e., number of hours and/or system conditions).
  - g. Within in a reasonable time following the completion of the Cluster Study, BPA will make a full accounting of the actual study costs. BPA will either remit any unexpended balance or bill for any costs in excess of the deposit such that the Customer will have paid for its actual MW-share of Cluster Study costs.
5. Initial Economic Analysis
- a. Within approximately 60 calendar days following the completion of the Cluster Study, BPA will complete an initial economic analysis of any transmission Plan(s) of Service identified by the Cluster Study. The economic analysis is intended to aid in the Customer's decision whether to continue supporting the completion of transmission Plan(s) of Service identified as required to enable the requested transmission service. BPA will share these results, including informational, non-binding guidance on potential rate impacts. Such informational guidance will be based on potential subscription and cost information available at that time.
6. Partial Service and Conditional Firm Transmission Service
- a. BPA will not make offers for Partial Service or CFS for TSRs that are studied in the Cluster Study during the time between the Cluster Study TSR submission deadline and the results of the Cluster Study are published.

## C. Individual Study Procedures

1. Process for Requesting an Individual Study
- a. BPA encourages Customers to contact their Transmission Services Account Executive prior to requesting that a TSR be studied individually rather than in a Cluster Study, to discuss the procedures, data exhibit requirements, and potential benefits and/or risks in electing to have its TSR(s) studied through an Individual Study rather than a Cluster Study.
  - b. After BPA notifies the Customer that a System Impact Study (SIS) is needed to evaluate the impact of the TSR and that BPA will perform a Cluster Study, the Customer may request in writing for a TSR to be studied individually pursuant to section 19.1 or 32.6 of the OATT.
  - c. The Customer must request an Individual Study in writing prior to the OASIS notice of the Cluster Study in which the Customer's TSR(s) would otherwise be studied, including information required per C.2 below.
2. Data Exhibit Submittal and Validation
- a. For each TSR that a Customer requests to be studied individually, the Customer must submit a completed [PTP Data Exhibit or NT Data Exhibit](#) with the notice to BPA of the request for the TSR to receive individual study. The link to those documents can be found at the [Transmission Business Practice Forms webpage](#). The data exhibit must be received no later than COB on the day that the request for individual study is submitted.

- b. The data exhibit should be submitted to the Customer's Transmission Services Account Executive and [TXDataExhibits@bpa.gov](mailto:TXDataExhibits@bpa.gov).
  - c. Once BPA receives the data exhibit, it will follow the procedures in section B.2 and B.3 to review and validate the exhibit and to attempt to resolve any deficiency.
  - d. If BPA has not received a completed data exhibit for a Customer's TSR(s) by the deadline, the OASIS status of the TSR(s) for which no data exhibit was submitted will be changed to DECLINED, and the TSR(s) will receive no further consideration.
  - e. BPA will make best efforts to work with the customer to obtain information to enable validation of the data exhibit(s). If the Customer is unable to provide sufficient information for BPA to validate the data exhibit(s), BPA will notify the Customer, the OASIS status of the Customer's TSR(s) will be changed to DECLINED, and the TSR(s) will receive no further consideration.
  - f. The Customer's deposit will be returned within 30 calendar days, without interest, or the release of escrow funds authorized.
3. Individual Study Agreements and Procedures
- a. BPA will tender a SIS agreement for each TSR for which a Customer has submitted a written request to be studied individually and has a valid data exhibit within the relevant deadlines. BPA will tender the SIS Agreement within 30 calendar days of receiving the written request to be studied individually. BPA will use due diligence in completing the SIS in accordance with the provisions contained in section 19.3, but the timing of completing the SIS will be dependent upon whether a Cluster Study is already in progress. Sections 19.1-19.3 or 32.1-32.3 of the tariff will govern tender and execution of the SIS agreement and completion of the study.
  - b. Following completion of the SIS and consistent with study results, BPA will either make an offer of transmission service or tender additional study agreements as necessary. Sections 19 or 32 of the tariff will govern tender and execution of these agreements and completion of the studies. Such actions will be treated consistent with BPA's OATT and applicable business practices.

## D. Option to Study a TSR for Conditional Firm Service (CFS)

CFS is long-term firm Point-To-Point transmission service that is subject to conditional curtailment, either on a Number of Hours or System Conditions basis. CFS offers are made consistent with the [Conditional Firm Transmission Service Business Practice](#).

1. A PTP Customer may request that BPA study CFS for the TSR(s) that the Customer elects to include in an individual System Impact Study or Cluster Study, by making the appropriate elections in the Study Agreement.
  - a. Customer may elect for BPA to study CFS for either Number of Hours and/or System Conditions during which Conditional Curtailment may occur.
  - b. Upon completion of the study of CFS, BPA will provide the results of that study and a determination of whether CFS can be offered consistent with the Customer's CFS election(s).

- i. Where a Customer requests that BPA study CFS for the Number of Hours per year during which Conditional Curtailment may occur, the Customer may also identify a maximum number of curtailable hours per year that the Customer is willing to accept (Limit). In such cases, BPA will not make offers for CFS following the completion of the individual study or Cluster Study if the identified number of hours per year exceeds the Customer's identified acceptable Limit.
    - ii. If the Customer requests both a Number of Hours and System Conditions study and BPA determines that it can reliably offer both types of CFS, the Customer may accept an offer for either Number of Hours or System Conditions.
  - c. BPA will not offer CFS if the study indicates that it cannot be offered without adversely impacting the reliability of BPA's transmission system.
2. If a customer does not request BPA to study conditional curtailment options in the Study Agreement, then the TSR(s) will not be eligible for CFS study at a later time.

## E. Preliminary Engineering

In the Preliminary Engineering phase, BPA refines the Plan(s) of Service identified in a study to provide a more detailed cost estimate and schedule.

1. Preliminary Engineering Agreement and Procedures
  - a. Consistent with the findings of the study, BPA will offer a Preliminary Engineering Agreement to Customers with eligible TSRs following the Cluster Study or individual study.
  - b. The Preliminary Engineering Agreement will describe the scope of the preliminary engineering work and will include BPA's good faith estimate of the preliminary engineering costs and require the Customer to fund in advance its full MW-share of the estimated preliminary engineering costs on a MW-share basis, by Plan of Service required.
  - c. The Customer must sign and return the Preliminary Engineering Agreement and advance fund its full share of the estimated preliminary engineering costs within 30 calendar days of receipt of the Preliminary Engineering Agreement. Upon failure to sign and return the agreement or to advance fund the estimated costs by the deadline, BPA will change the OASIS status of the Customer's TSR(s) to DECLINED and the TSR(s) will receive no further consideration. The Customer's deposit provided pursuant to BPA's OATT, will be returned, without interest, or the release of escrow funds will be authorized.
    - i. A Customer that withdraws its TSR(s) on OASIS after signing a Preliminary Engineering Agreement but prior to the completion of the preliminary engineering activities will remain liable for its full MW-share of the preliminary engineering costs. TSRs withdrawn on OASIS will receive no further consideration.
    - ii. BPA may seek additional funding from Customers as necessary to recover all of the costs to complete the required preliminary engineering work.

- iii. Within a reasonable time following completion of the preliminary engineering work, BPA will make a full accounting of the actual cost of the preliminary engineering activities. BPA will either remit any unexpended funds or bill for any costs in excess of the Customer's deposit such that the Customer will have paid for its actual MW-share of preliminary engineering costs.
2. Preliminary Engineering Results and Updated Economic Analysis
  - a. Once BPA has updated its cost estimate for the Plan(s) of Service based on the preliminary engineering and validation work, BPA will provide notification to the Customer and share the preliminary engineering results.
  - b. Within approximately 90 calendar days following the notification of preliminary engineering results, BPA will complete an updated economic analysis for the Plan of Service. The economic analysis is intended to aid in the Customer's decision whether to continue supporting the completion of transmission Plan(s) of Service identified as required to enable the requested transmission service. BPA will share these results, including informational, non-binding guidance on potential rate impacts. Such informational guidance will be based on updated potential subscription and cost information available at that time.

## F. Environmental Review

As a federal agency, BPA must comply with federal environmental laws, including, but not limited to the National Environmental Policy Act, Endangered Species Act, Clean Water Act and National Historic Preservation Act. As necessary, BPA will conduct environmental review of a proposed Plan of Service in accordance with these and other statutes.

1. BPA will offer an Environmental Study Agreement to Customers with eligible TSRs following completion of the preliminary engineering work that is required to begin an informed environmental review..
2. The Environmental Study Agreement will describe the scope of the environmental review and will include BPA's good faith estimate of the subsequent costs. The Customer is required to advance fund its full share of the estimated environmental review costs on a MW-share basis, per the Plan of Service.
3. The Customer must sign and return the Environmental Study Agreement and fund in advance its full share of the estimated environmental review costs within 30 calendar days of receipt of the Environmental Study Agreement. If the Customer fails to sign and return the agreement or to provide the advanced funding by the due date specified, BPA will change the OASIS status of the Customer's TSR(s) to DECLINED and the TSR(s) will receive no further consideration. The Customer's deposit will be returned within 30 calendar days, without interest, or the release of escrow funds will be authorized.
4. A Customer that withdraws its TSR(s) on OASIS after signing an Environmental Study Agreement but prior to the completion of the environmental review will remain liable for its full MW-share of the environmental review costs. TSRs withdrawn on OASIS will receive no further consideration.
5. BPA may seek additional funding as necessary from Customers to complete the required environmental review. Upon completion of the environmental review, if the aggregate amount of advance funding exceeds the actual costs, BPA will return excess

funds to the Customer such that the Customer will have paid for its actual MW-share of costs.

6. Following completion of the environmental review, BPA will notify Customers holding Environmental Study Agreements of the outcome.

## G. Impacts to Third-Party Transmission Systems

When a study identifies a potential impact or a requirement to upgrade facilities on another Transmission Provider's transmission system (third party), BPA reserves the right, pursuant to section 21 of its tariff, to coordinate the upgrades on its transmission system with those on the impacted third-party Transmission Provider's system. BPA also reserves the right to not provide the requested transmission service (on either a Firm or Conditional Firm basis) unless and until all of the Plans of Service necessary to mitigate the impacts of the TSRs are in place. Further, if the Customer fails to meet the requirement on the Third-Party Transmission Provider's transmission system within specified timelines, BPA will change the OASIS status of Customer's TSR(s) to DECLINED, and the TSR(s) will receive no further consideration.

The procedures below outline how BPA, the impacted third-party Transmission Provider(s), and the Customer requesting transmission service will coordinate on mitigating impacts of the TSRs for service on the BPA transmission network. The purpose of these procedures is to ensure timely progress on addressing the impacts to the third party Transmission Provider's system to enable BPA to coordinate any Plans of Service on its system or to provide the requested service.

### 1. Applicability

- a. These guidelines apply when BPA has completed a study of a TSR and determined that the request(s) have or may have impacts on a third-party Transmission Provider's system that require coordination with the third-party Transmission Provider. Examples include, but are not limited to, scheduling requirements or upgrades required on an adjacent Transmission Provider's system.
- b. Per section 16.2, 21, 29.3 and 30.6 of the tariff, the Customer is responsible for making arrangements to assess and mitigate the impacts of their TSRs on third-party transmission systems, including arrangements for studies, scheduling or any necessary engineering, permitting or construction of transmission or distribution facilities on third-party systems.
- c. The Customer is responsible for complying with the third-party Transmission Provider's procedures and requirements for making the necessary arrangements to mitigate the impacts of their TSR(s) on BPA's transmission system. BPA will make reasonable efforts to assist the Customer in making such arrangements, including by providing any information or data required by the third-party Transmission Provider.

### 2. Identification and Notification of Upgrades on a Third-Party Transmission System

- a. For any TSR that BPA determines to have impacts on another Transmission Provider's transmission system, BPA will notify the Customer in writing of the need to coordinate with the third-party Transmission Provider. BPA will provide such notice (Third-Party Notice) as soon as practicable following the conclusion

of the study. Nothing in these guidelines will preclude BPA from informing the third-party Transmission Provider about the impacts or providing a copy of the study results.

- b. The Third-Party Notice to the Customer will:
  - i. Inform the Customer of its responsibility to make arrangements to address the impacts on the third-party system, including arrangements for scheduling or for any upgrades that may be required;
  - ii. Inform the Customer that BPA will undertake reasonable efforts to assist the Customer in making such arrangements, and identify the Customer's Transmission Services Account Executive as the primary point of contact for BPA's participation in the required coordination;
  - iii. If the impact of the request on the third-party transmission system appears to require new infrastructure, identify whether BPA is aware of an upgrade currently in the third-party Transmission Provider's planning process(es) that would address the impact;
  - iv. Require the Customer to provide a designated representative within 15 calendar days who will be responsible for interacting with BPA and the third-party Transmission Provider regarding the potential impacts and necessary arrangements. The contact information should include name, title, telephone number, and email address. If the Customer's designated representative changes, the Customer must provide BPA with updated contact information as soon as possible;
  - v. Identify, as an initial matter, whether the impacts of the TSR on the third-party system are such that the process under section 2.c or 2.d of these guidelines applies.
- c. If the impact of the request on the third-party system appears to only require the customer to obtain scheduling rights on the third-party system, the Customer must:
  - i. Within 30 calendar days of the Third-Party Notice, demonstrate that it has submitted a request for service or otherwise taken steps to obtain such rights on the third-party transmission system.
    - If, in discussions between the Customer and the third party Transmission Provider, additional information or other requirements are identified, the Customer must comply with the requirements of the third party.
    - If the third party Transmission Provider identifies that an upgrade or other Plan of Service may be necessary to provide the requested service, the provisions outlined in section 2.d of the guidelines apply.
- d. If BPA or the third party Transmission Provider determines the impact of the TSR may require an upgrade or other arrangements on the third-party transmission system, the Customer must:
  - i. Within 30 calendar days of the Third-Party Notice, schedule a meeting between the Customer, the third-party Transmission Provider, and BPA to discuss the impacts of the request; the potential upgrade, Plan of

- Service or other arrangements; any study or other requirements; schedules; and coordination between the parties; and,
- ii. Within 90 calendar days of the date of the Third-Party Notice, provide BPA documentation of a schedule for proceeding forward with required studies or other arrangements on the third-party Transmission Provider's system. This schedule must have been agreed to by the Customer, the affected third party Transmission Provider and BPA.
3. If (a) the Customer fails to satisfy the requirements in the Third-Party Notice, or (b) BPA determines, at any time, that the Customer is not meeting the requirements for establishing the necessary arrangements, BPA will inform the Customer of the requirements that the Customer is not meeting. The Customer will have 15 calendar days to comply with the requirements. During that period, BPA will make best efforts to work with the Customer to ensure full understanding of applicable requirements to provide any further information.
    - a. If the Customer satisfies the requirements within the 15-day cure period, the Customer's request will remain in BPA's transmission queue pending the coordination between the parties to make the necessary arrangements and to resolve the impacts to the third-party system.
    - b. If the Customer needs more time to meet the requirements, it must provide a written request to BPA stating (1) additional time is necessary and (2) the amount of estimated additional time needed to complete the requirements. BPA may consult with the third-party Transmission Provider regarding the request for more time. BPA will grant reasonable requests for additional time assuming progress continues to be demonstrated.
    - c. If BPA determines that the Customer has failed to satisfy the requirements within the cure period or additional time that was agreed to, the Customer will be deemed to have not met the requirements of sections 16, 21, 29.3 and/or 30.6 of the tariff and the status of the TSR(s) on OASIS will be changed to DECLINED. In determining whether requirements have been met, BPA may consult with the third-party Transmission Provider.

## H. Financial Security Related to Plan of Service Construction

1. Pursuant to BPA's OATT, BPA will require a Customer that is offered a Contract Exhibit Table associated with the completion of an identified Plan of Service to provide BPA with acceptable forms of credit support as listed in BPA's current Basic Credit Standards, equivalent to its pro rata share of the total costs of the Plan of Service to enable its requested service. The forms of security acceptable to BPA are listed in the [Basic Credit Standards](#) posted to BPA's external website.
2. The Customer's pro rata share of costs of the Plan of Service will be calculated as the ratio of Customer's requested MW out of the total requested MW identified to require the same Plan of Service, multiplied by the estimated total costs of the Plan of Service.
3. BPA will provide written notice of the deadline for the Customer to provide security. Such deadline shall allow 30 calendar days for the Customer to provide the required Security. Failure to provide the required executed letter of credit or other form of security within the required timeline, will result in TSR being DECLINED on OASIS withdrawn and will receive no further consideration.

4. BPA reserves the right to require the Customer to increase its financial security support during the construction period in the event the project costs increase, or if Customer's share of the costs to complete the Plan of Service increases. BPA may also reduce the Customer's financial security support, in the event Customer's share of the costs to complete the Plan of Service decreases.
5. Following completion and energization of the Plan of Service, BPA will reduce Customers' financial security obligation on an annual basis in accordance with the below methodologies.
  - a. For Point-to-Point Customers, BPA will reduce the Customer's financial security obligation according to the following calculation:
 

**$1 / (\text{Total Contract Duration in Years}) \times \text{Total Security Provided} = \text{Annual Security Reduction}$**

    - i. This methodology will ensure that Customer's financial security will be reduced over the contract duration period following service commencement, provided the Customer meets its contractual obligations to BPA.
  - b. For NT Customers, BPA will return financial security according to one of the below calculations, depending on whether BPA decides to recover the project costs through an embedded (rolled-in) rate or an incremental transmission rate.
    - i. Under embedded (rolled-in) rate scenarios, BPA will dispose of held security to NT Customers on an annual basis following project energization in accordance with the below calculation:
 

**$1 / (\text{Security Period of Five Years}) \times \text{Total Security Provided} = \text{Annual Security Reduction}$**
    - ii. Where BPA determines it will provide service under an incremental transmission rate, BPA will return financial security to NT Customers according to the following calculation:
 

**$1 / (\text{Incremental Rate Amortization Period}) * \text{Total Security Provided} = \text{Annual Security Reduction}$**
    - iii. The Incremental Rate Amortization Period and service commencement date will be established through engagement between BPA and the NT Customer.

## I. OATT Reference(s)

1. Sections 16, 17.2, 17.5, 17.6.1, 17.6.2, 19, 20, 21, 27, 29.3, 30.6, 32