

2013 Network Open Season Update

Customer Conference Call
9/30/2014



2013 Network Open Season

- Current state
 - Reminder – projects identified in 2013 Cluster Study

Project Description	Estimated Direct Cost (\$k)	Projected Energization Date
Upgrade of Monroe – Novelty Hill 230 kV line	\$1,600	Oct. 2017
Garrison Ashe Project (no longer applicable)*	\$950,000	Oct. 2024

**The relevant transmission Customer withdrew the sole request requiring the Garrison to Ashe upgrade*

Third-party Requirements Update

- Multiple Customers have TSRs that are associated with transmission upgrades identified on Puget Sound Energy's transmission system (referred to as 3rd-party upgrades)
 - Alderton-Fairchild upgrade and Portal Way Transformer upgrade
- These upgrades were identified as necessary to mitigate impacts of the 2013 NOS requests on PSE's system
- BPA and PSE staff have met to review these upgrades, and discussions are ongoing
 - Next step for BPA would be to offer Environmental Study Agreements (ESA) to those requesting service requiring Monroe-Novelty
 - BPA will coordinate the timing of offering of the ESA in collaboration with the requesting Customer and in consultation with the 3rd-Party impacted transmission system owner

Third-party Requirements (continued)

- Puget Sound Area Study Team (PSAST) reliability upgrades were also identified as required to be in service prior to BPA authorizing transmission service to certain requests
 - The PSAST projects are not exclusive to a single transmission system, and are under various stages of planned construction
 - All required PSAST projects are anticipated to be completed by 2018
- BPA assumes that these projects will be completed as part of the greater PSAST effort for reliability and load service needs, and will not require as significant customer or third-party coordination

Preliminary Financial Analysis of Monroe- Novelty Hill Upgrade

- As stated previously, the current estimate of direct cost to BPA is approximately \$1.6 Million
- By itself, Monroe-Novelty enables 0 MW of potential new transmission service
- If 3rd-party upgrades are completed and Legacy NOS projects are energized, Monroe-Novelty Hill upgrade could enable 1,450 MW of new transmission service (1,250 MW of which would represent new revenues)
 - These numbers are subject to change as the demand associated with the M-N project increases/decreases

Preliminary Financial Analysis of Monroe- Novelty Hill Upgrade (cont.)

Monroe-Novelty Hill Financial Analysis		
Financial Metric	Costs Only	Includes TSRs needing only M-N, Big Eddy-Knight and 3rd-Party Upgrades (50 MW)
5-Year Rate Impact	0.03%	-0.09%
20-Year Rate Impact	0.03%	-0.10%
Breakeven MW	11 MW	N/A

Monroe-Novelty Hill Capital Assumption			
Direct Capital (\$000)	2015	2016	2017
1,590	\$318	\$636	\$636

Direct Capital Costs Per MW		
Direct Capital (\$000)	MW Assumed	Capital \$/MW (\$000)
\$1,590	50	\$31.80

Assumptions
<ul style="list-style-type: none"> • Rate pressure calculation begins upon the completion of project • \$7.6 Million = 1% rate pressure • Assumes Big Eddy-Knight and 3rd-Party upgrades are completed

- As stated on the previous slide, assuming all Legacy NOS projects are also energized, the Monroe-Novelty upgrade could enable over 1,000 MW of additional transmission service

Next Network Open Season

- As described at the May 20 public meeting, the 2013 NOS Cluster Study identified a number of issues that required additional time evaluate and assess
 - Review NOS and Long-term ATC assumptions;
 - Flowability (relationship between identified generation sources and the requested POR);
 - New long-term reservations at the Mid-C area substations where there are constraints.
- Absent long-term solutions, these issues will continue to confront BPA's NOS process
 - Some aspects dovetail into broader agency-level strategic initiatives that are under development
 - Staff believes that progress can be made on the identified issues over the next several months
 - Staff will continue updating Customers on progress in these areas
- Assuming sufficient progress can be made on these issues, BPA is targeting fall of 2015 to begin the next NOS Cluster Study
 - Request submittal window likely would close at the end of May 2015;
 - Data exhibit requirements would be phased, leading up to this deadline.

Questions?