

Network Open Season/Generator Interconnection Reform

July 20, 2011

Initiative Overview



AGENDA

- Introduction
- NOS
 - PTSA Reform (transferability, flexibility, termination)
 - Planning and Cluster Studies
 - Finance, Risks and Access to Capital
 - Deferral
- Generator Interconnection
 - Queue Process Reform
 - Risks and Transmission Credits

NOS Background

Network Open Season

- BPA has processed 263 requests (11,722 MW) in '08, '09, & '10 NOS processes
 - BPA has offered 10,048 MW of new service, of which 2555 MW were authorized using existing ATC
- NOS has successfully supported the large-scale integration of wind into the region
 - Of the 11,722 MW processed through NOS, 7080 MW are associated with wind generation
- BPA has identified several major transmission expansion projects, which are currently in various stages of construction or environmental review

NOS Background

Network Open Season, cont'd.

- With success comes challenges that BPA intends to address through NOS reform
- In April 2011, BPA announced its decision to delay conducting NOS 2011 to allow time to assess potential improvements to NOS policies
- BPA has not determined when it will restart NOS
- BPA intends for the next NOS to align with current and future regional goals determined in other processes or initiatives (e.g. Northwest Wind Integration Steering Committee and BPA OATT Workshops)
- BPA also intends to reform NOS in coordination with reforms to Generator Interconnection policies and practices

GI Background

Generator Interconnection

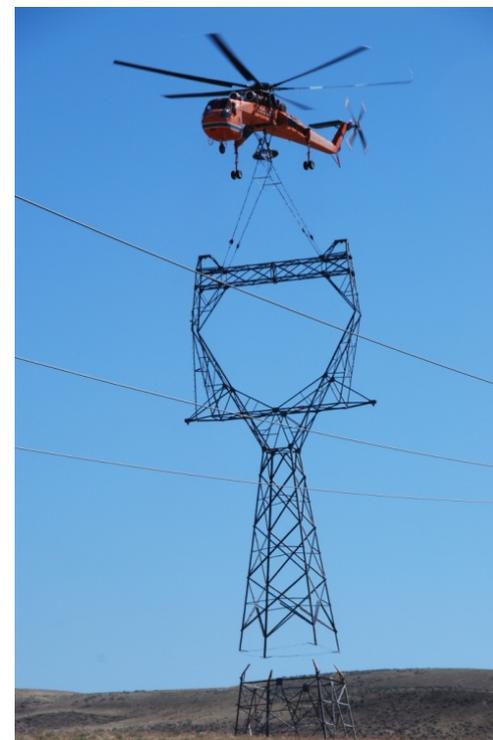
- The existing Large and Small Generation Interconnection Procedures create challenges for BPA and its customers
 - Queue gridlock
 - Study and planning uncertainties
 - Risk allocation
- BPA intends to evaluate reforms to its GI queuing, planning and financing policies to address these and other challenges
- BPA continues to process GI requests

Goals

- BPA intends to work with customers and other stakeholders to identify NOS and GI issues and concerns, and their potential solutions
- BPA intends to examine whether NOS and GI risks are appropriately allocated

Principles for NOS and GI Reform

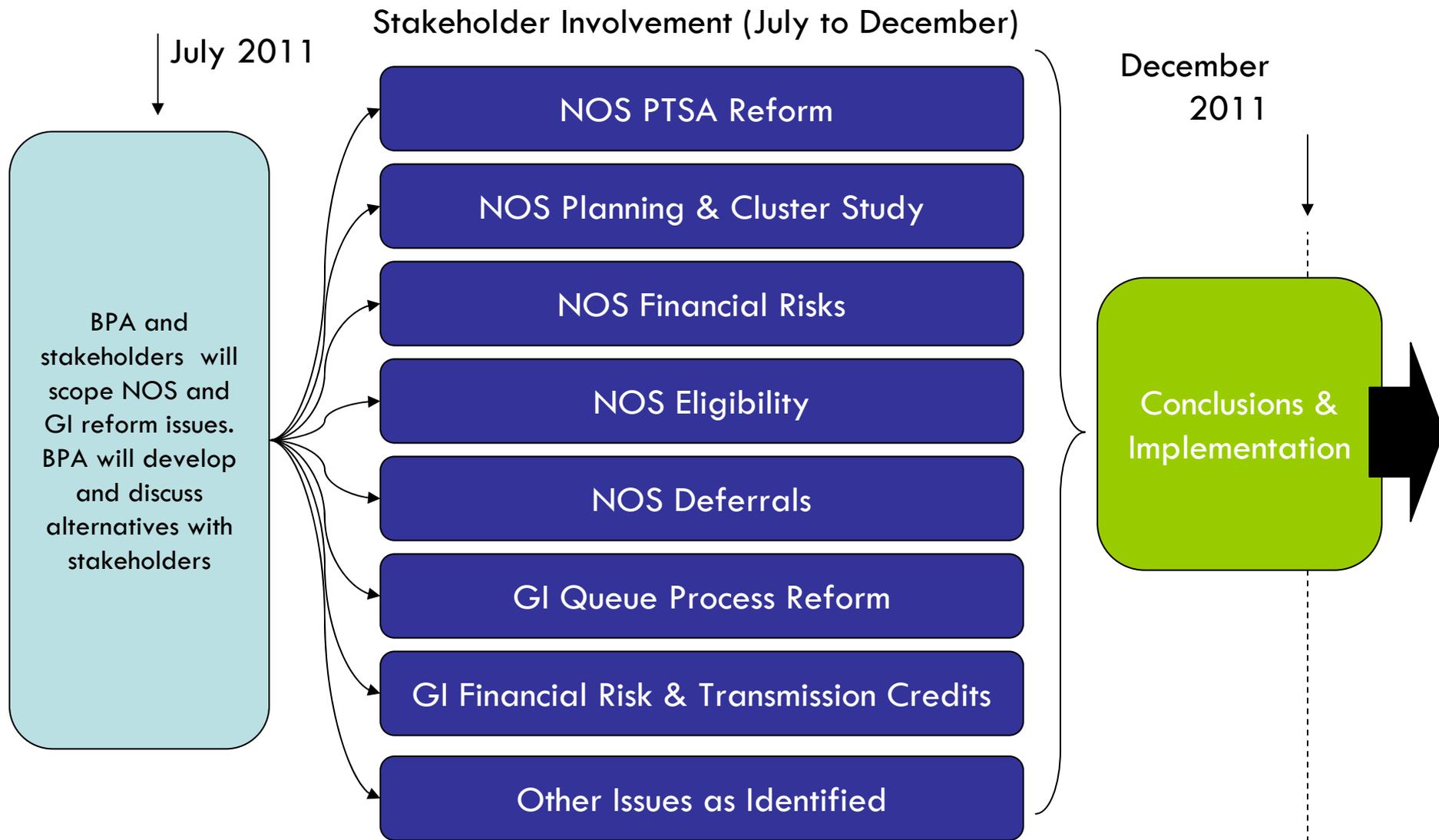
- Preserve system reliability
- Avoid cost shifts
- Ensure risks and costs follow causation
- Maintain sufficient access to capital
- Continue to meet BPA's commercial and environmental obligations
- Renewable resources are developed consistent with state and federal policies
- Renewable resources are integrated in a cost-effective manner pursuant to adequate long-term planning



Process to Address Issues

- **July to December 2011**
 - Customer meetings
 - Scope – identify issues and potential solutions
 - Discussion of alternatives
 - Issue conference calls, as needed
 - Opportunities for written comments
 - Present Decisions

Process Timeline



NOS & GI Reform Topics

- **Network Open Season**
 - Deferral rights
 - Access to capital
 - Performance assurance
 - Planning and cluster study
 - PTSA reform
- **Generator Interconnection**
 - Generator Interconnection queue reform
 - Generator Interconnection finance risks and transmission credits
- **Regional Open Season**
- **Others that emerge during the process**

Other Factors

- Status of existing transmission requests prior to NOS restart
- Interrelationship between NOS and GI
- Resolution of Reciprocity may be required before implementing changes
- Other processes that will influence NOS & GI reform:
 - BPA OATT workshops (Reciprocity)
 - Wind Integration Steering Committee (WISC)
 - Service Across Multiple Transmission Systems (SAMTS)
 - NT Planning
 - Capital in Review Process (CIR)
 - Environmental Redispatch discussions
 - Others

Contact Information

- Website: transmission.bpa.gov/customer_forums/open_season_2011/
 - Find details on upcoming meetings, presentations and background information
- Email: techforum@bpa.gov
 - Submit questions and comments; use “NOS & GI Reform” in the subject line
- BPA Events Calendar: www.bpa.gov/corporate/public_affairs/calendar/
- Or, call Eric Carter at 360-619-6006