PTSA REFORM CUSTOMER COMMENTS

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Portland General Electric

Portland General Electric Company (PGE) appreciates the opportunity to comment on the PTSA Reform proposal and would like to commend the Bonneville Power Administration (BPA) staff on their diligence in the effort. PGE appreciates the patience and persistence shown in the process and hopes that BPA will continue to use creative thinking in the transmission reform process. PGE believes BPA has struck an appropriate balance for all stakeholders with the current proposal.

PTSA12 0004

COMMENTS OF THE WESTERN PUBLIC AGENCIES GROUP ON PRECEDENT TRANSMISSION SERVICE AGREEMENT REFORM

Submitted: December 14, 2012

The utilities that comprise the Western Public Agencies Group appreciate the opportunity to submit these comments on the term sheets arising from the Bonneville Power Administration's ("BPA") Precedent Transmission Service Agreement ("PTSA") reform process for EDP Renewables North America LLC ("EDPR") , BP Wind Energy North America Inc. ("BP Wind"), and Iberdrola Renewables, LLC ("Iberdrola").

I. <u>Introduction</u>

BPA's PTSA reform initiative kicked off in July of 2011 when several wind developers indicated to BPA that they either wanted to modify or terminate the PTSAs they had signed with BPA for transmission service. The reasons for these requests were several but appear to include changing renewable portfolio standards in California, a collapsing renewable energy market and uncertainty as to the Federal production tax credit.

Over the last year or so BPA has been working tirelessly with developers who desire to modify or terminate their PTSAs with the stated aim of ensuring that such modification or termination keeps other regional ratepayers whole in terms of rate impact. This included working with developers to identify third parties who desire to assume their obligations under their PTSAs and coming up with the creative two parent redirect concept.

Nonetheless, the paradigm of what constitutes "whole" has shifted over time when it comes to straight termination of PTSAs. Under the terms sheets, or components thereof, proposing to terminate PTSAs for BP Wind, EDPR and Iberdrola, keeping the region whole simply means allowing PTSA termination in exchange for forfeiture of the performance assurance and a surrendering of the developer's rights under the terminated PTSA. According to BPA, this keeps the region whole for the following reasons:

1. The most likely scenario in the event BPA does not allow termination is that the PTSA holders will exercise their deferral rights under their PTSAs (i.e., pay for one month of transmission service in exchange for a year of deferral for up to five years) and then default once their deferral rights are exhausted.

2. The parties requesting termination are, in the main, project specific limited liability companies that will most likely declare bankruptcy upon default (after exhausting their deferral rights) and BPA's prospects of recovery in bankruptcy are limited.

3. Parties requesting termination are likely to pay the deferral fees for as long as they can because (i) although they are single project limited liability companies, they are connected to an established parent entity that would rather avoid the bad press an immediate default would bring; (ii) the deferral fee equivalent to one month of transmission service is not viewed as terribly expensive; and (iii) the renewable

market may rebound before the deferral options are exhausted making default a moot point.

4. By exercising their deferral rights for up to five years, developers prevent BPA from re-selling their transmission rights on a long term basis which forecloses BPA from any opportunity to earn revenue on the subject transmission in the near term.

5. BPA is unlikely to generate much revenue from short term transmission sales for transmission capacity that is subject to a deferral.

6. BPA will receive the "value"[1] of the transmission released by termination immediately rather than when the party exhausts its deferrals, giving BPA the ability to try and sell that transmission and realize revenue from it sooner than the most likely alternative scenario described above. This means that the net present value (NPV) of termination in exchange for the performance assurance and the developer's rights under the PTSA is higher than the NPV under the most likely alternative if termination is not allowed; that is, termination on the proposed terms keeps the region whole better than the most likely alternative.

It is difficult for the WPAG utilities to evaluate whether BPA's assumptions on the most likely alternative to termination under the proposed terms is, in fact, the most likely alternative. However, given the facts that (i) the terminating parties are mainly project specific limited liability companies with no financial parental guarantees, (ii) the relatively inexpensive option parties to PTSAs have to defer service, and (iii) the likelihood that the parent companies of these parties (each of which is an international multi-billion dollar corporation) strongly desire to avoid even the appearance of another Solyndra scandal, BPA's assumptions regarding the NPV of termination under the proposed terms and the NPV in not allowing termination appear plausible. We note, however, that BPA's appears to assume that these single purpose limited liability companies are judgment proof because they have limited or no assets. BPA should confirm to the region the steps it took to verify this assumption including whether it required parties to provide financial statements as a precedent to entering into termination agreements.

That being said, BPA is in the position it is in because the terms and conditions of Network Open Season ("NOS") and associated PTSAs simply do not provide BPA and its other ratepayers sufficient protection from the single purpose limited liability company ("LLC") with no parental guarantee, limited performance assurance, and inexpensive deferral fees. In short, during the PTSA reform process BPA appears to have been at the mercy of circumstances of its own making. The lesson from all this is that such deficiencies must be remedied so future NOS do not create similar problems.

[1] In this case "value" does not mean revenue. BPA projects that it will be at least a year before the transmission released due to a terminated PTSA will be sold.

II. Recommendations for Future NOS

The WPAG utilities understand that BPA is reforming its NOS process to address many of the above described deficiencies. WPAG is supportive of these efforts and will comment separately on the proposals soon to be advanced by BPA. At minimum, however, the WPAG utilities believe that such proposal must include the following:

1. Require parties requesting transmission service to provide BPA with a signed power sales agreement before a PTSA is offered. This will materially reduce the number of speculative transmission requests.

2. The days of multi-billion dollar international corporations forming single project LLCs so they can saddle northwest ratepayers with the risks of their business ventures must end. BPA should perform a thorough credit worthiness check of requesting parties *before* a PTSA is offered, regardless of whether the requesting party is a utility or a wind developer. It appears that BPA did not do so with many wind developers, even if they were single project LLCs. If the requesting party is a single project LLC, BPA should require a parental guarantee or letter of credit that is crafted to ensure that a default will not leave BPA in a financially disadvantageous situation, such as it currently faces.

3. Modify the form PTSA to impose significant penalties, such as requiring that BPA be made whole for foregone revenues caused by a default, to reduce the number of speculative transmission requests and to make the price of reneging on PTSA obligations formidable.

4. Increase the amount of the fee for each successive deferral, e.g., first year of deferral – fee equal to cost of one month of transmission service; second year - fee equal to cost of two months of transmission service; and so forth.

III. Conclusion

Now that BPA has made a decision on the PTSA reform, it is time to finalize the needed reforms to the NOS process so we can we avoid finding ourselves in this position in the future. It appears that this situation was the result of two primary factors. First, BPA failed to determine the credit-worthiness of the entities, or their corporate parents, that sought PTSAs. Second, BPA does not appear to have required a signed power sales contract from wind project developers as it has consistently required of its utility customers. BPA begun the process of addressing these shortcomings in the numerous NOS reform workshops that it conducted over the last year. The WPAG utilities are looking forward to reviewing and commenting on BPA’s proposals coming out of these workshops.

Lastly, BPA has been engaged with developers to develop the terms and conditions of their PTSA termination and reform for nearly a year. It gave its other customers 10 to 14 days, during the middle of a rate case, to review those term sheets and provide comments. From a transparency standpoint, the customers that are going to be left in the region after these parties make their exit deserved more time. After all, they are the ones on which the costs of NOS Reform will ultimately fall.

Public Power Council

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December 13, 2012

VIA EMAIL
Lauren Nichols-Kinas
Bonneville Power Administration – TSPP-TPP2
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Re: PPC Comments on Term Sheets regarding Termination of and Re-Direct Proposals for Certain Precedent Transmission Service Agreements

Dear Ms. Nichols-Kinas:

Public Power Council (PPC) provides the following comments regarding proposed term sheets for modification and termination of certain Precedent Transmission Service Agreements (PTSAs). The PTSAs concern Bonneville and three customers: EDP Renewables North America LLC, Iberdrola Renewables, Inc., and BP Wind Energy North America, Inc. Each of these customers entered into PTSAs, long-term contracts for transmission service, which required BPA to construct costly high-voltage transmission facilities and required the customers to pay for the purchased transmission services. Each of these customers now wants to terminate or modify their PTSAs in respects that will prevent BPA from collecting money owed under the PTSAs.

In accepting proposals from customers wishing to propose changes to their PTSAs, BPA proposed to its customers and the region that customer proposals for termination or modification of executed PTSAs "must demonstrate that their proposed terms are sufficient to keep BPA rate payers at least rate neutral for each deal."[1] "At least rate neutral" translates into a test that the customers at least be held harmless by the terminations.[2] We believe that this is, and must continue to be, the touchstone for BPA's decisions on these requests.

PPC commends BPA staff for their efforts in bringing to a close what is at best an unfortunate situation. We look forward to working with staff on reforms to BPA's Network Open Season process and Open-Access Transmission Tariff with the goals of ensuring that these types of requests for termination are not repeated and that BPA's transmission customers are not exposed to stranded asset risks. With future precedent and lessons learned in mind, however, we note that one weakness of the proposals is that Available Flowgate Capacity (AFC)

[1] BPA, *PTSA Reform Initiative Decision and Process*, Dec. 6, 2011, p. 5.
[2] PPC noted in its comments on Dec. 20, 2011, that "BPA should only allow customers to terminate or modify PTSAs when ratepayers are held harmless or made better-off compared to performance of the contract." PPC Comments, p. 2.

released back to BPA, either by termination or by redirects of Transmission Service Requests (TSRs), remains a potential stranded asset of BPA. BPA holds the risk the AFC will not be resold to another customer. Were two-parent redirects to be used going forward, either generally or in this type of situation, BPA's assumption of the stranded asset risk would be unacceptable, and we would object to the practice of releasing the AFC back to BPA without the requirement that the customer holding the parent TSRs continue to be liable for payment for transmission service for those MWs of AFC that are released but not yet sold by BPA to another customer on a long-term basis.

PPC's principle concern with BPA's execution of agreements based on the term sheets is the creation of precedent that BPA will make similar deals in the future that put it transmission customers and its revenues at risk. We strongly urge BPA to be explicit in its decision documents regarding the facts and interpretations of its contracts that cut off future precedent stemming from its proposed actions.

PPC thanks BPA for the opportunity to comment on the terms sheets and looks forward to continuing to discuss these and related issues with you in the future.

Best,

Nancy P. Baker

Nancy Baker
Senior Policy Analyst

cc: Scott Corwin, Executive Director
PPC Executive Committee

PNGC Power
Smart. Local. Connected.

PTSA12 0006

December 13, 2012

VIA E-mail
techforum@bpa.gov

PNGC Comments of Precedent Transmission Service Agreement (PTSA) Reforms

BPA has asked for comments on its proposal to reform PTSA agreements with BP Wind, EDPR, and Iberdrola. PNGC Power appreciates the opportunity to comment. Clearly BPA is trying to make the best of a bad situation by capturing as much value as it can for its remaining customers who are left to pick up any uncompensated costs. We appreciate BPA's staff creativity and effort in this regard. PNGC Power reluctantly supports these particular reforms. However, as the customers remaining on the transmission system, we wish we had not been put in the position of being the financial backstop for the transmission needs of this boom/bust cycle of wind development.

As to the extraordinary methods that BPA has had to employ to get to these proposed PTSA reforms, we hope that none will be precedential. We do have some particular concerns. First, use of the two-parent redirect used in the Iberdrola agreement may have unintended consequences. It should not be used again without much more detailed and public consideration including evaluation of long-term impacts on BPA's obligations to serve its NT customers' load growth and impacts on queued transmission service requests (TSRs). Second, we are skeptical about the use of the high discount rate (9%) used in the calculations of the net present value of these reform proposals. These reform agreements are settlement agreements and ought to reflect the current settlement environment. Third, we think that BPA should evaluate the value of these contracts using the proposed PTP-14 rate contained in the Initial Proposal as the best information available.

Undoubtedly, reforming these agreements is better than the "defer, defer, defer, default" scenario. These particular PTSA reforms do free up otherwise encumbered available flow capacity (AFC) and return some measure of financial value to BPA and its remaining transmission customers. However, we caution BPA to prevent this situation from happening again. To this end, PNGC is an active participant in the Network Open Season (NOS) reform process. BPA should require stronger financial commitments in the reformed NOS process from those who pose the greatest risk to BPA. BPA should also recognize in structuring NOS that not all parties who make TSRs that go through the NOS process pose the same level of risk to BPA. We look forward to working with BPA in the NOS Reform process.

We appreciate this opportunity to be heard on this issue.

Aleka Scott
PNGC's Vice President for Transmission and Contracts

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PTSA12 0008

December 14, 2012
VIA E-mail
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Cowlitz PUD Comments on PTSA Modifications

Cowlitz PUD appreciates the opportunity to comment on BPA's proposal to modify Precedent Transmission Service Agreements with BP Wind, EDPR and Iberdrola. As a transmission customer of BPA, Cowlitz PUD is exposed to increases in transmission rates that could result from stranded costs associated with customers that default under their PTSAs. Consequently, we would like to see this issue resolved in a manner that minimizes uncompensated costs for remaining transmission customers. At this juncture, we believe that the proposal BPA presented on December 5, 2012 is a reasonable solution to the problem at hand.

That said, we believe it is important to express a certain amount of frustration at being in the current situation. The contractual terms in the existing PTSAs do not properly protect BPA's transmission customers from default by higher risk entities. It is important that BPA address these insufficiencies in the ongoing Network Open Season reform process. In particular, BPA should require stronger financial commitments from those entities that pose the greatest risk. Different transmission customers present different risks to BPA and that should be accounted for.

Despite our frustration with some of the factors that led BPA into the difficult situation it is in, we would like to express our gratitude for the effort that BPA staff has put into finding a solution that mitigates the damage going forward. For these reasons, Cowlitz PUD supports the PTSA reform proposals. Please don't hesitate to contact me with any questions you may have.

Chris Hill
Manager of Government Affairs and Energy Policy

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PUGET SOUND ENERGY
The Energy To Do Great Things

PTSA12 0009

December 14, 2012

Bonneville Power Administration
Transmission Services
Via e-mail to techforum@bpa.gov

Re: Comments of Puget Sound Energy, Inc. on Bonneville Power Administration's Exploration of Redirect Flexibility to Support Customer Requests to Modify Contract Commitments

In a presentation entitled "Exploration of Redirect Flexibility to Support Customer Requests to Modify Contract Commitments," as modified and re-posted on December 3, 2012 (the "Redirect Exploration Presentation"), Bonneville Power Administration ("BPA") expressed interest in "determining whether there is flexibility to grant redirects based on crediting combinations of two transmission reservations." Redirect Exploration Presentation at slide 7. Puget Sound Energy, Inc. ("PSE") thanks BPA for the opportunity to comment and to work cooperatively with BPA in exploring redirect flexibility and encourages BPA to engage with stakeholders in the region to determine whether BPA's "two-parent redirects" concept has merit.

BPA describes its "two-parent redirects" concept as follows:

> Pair two transmission reservations (neither of which holds sufficient capacity to enable the redirect on its own) to bring together enough capacity to enable the child redirect being sought.

Redirect Exploration Presentation at slide 8. BPA suggests that the "[c]apacity unused by the redirect request would then be released back to the market." *Id*. BPA further suggests that the "two-parent redirects" concept offers several following potential benefits, including the following:

- facilitation of transmission arrangements to deliver power from generation to serve load;
- minimization of exit costs under Precedent Transmission Service Agreements;
- creation of additional long-term transmission reservations to offset the impact on other ratepayers of potentially lost contract commitments;

- availability of additional capacity as compared to requiring all existing contract commitments to remain in place; and
- increased optimization of long-term firm transmission capacity and slightly better clarity of system planning assumptions.

Redirect Exploration Presentation at slide 12.

At this time, PSE does not have sufficient information to support or reject the "two-parent redirects" concept, but PSE supports efforts by BPA and stakeholders in the region to examine the "two-parent redirects" concept further. Therefore, PSE encourages BPA to engage with stakeholders in the region to determine whether BPA's "two-parent redirects" concept has merit.

PSE appreciates BPA's review of these comments and consideration of the recommendations contained herein. By return e-mail, please confirm BPA's receipt of these comments.

Sincerely,

PUGET SOUND ENERGY, INC.

Theresa M. Burch
Manager
By: Energy Delivery
Puget Sound Energy, Inc

Its: [signature]

NRU

PTSA12 0010

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December 14, 2012

VIA EMAIL
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Re: Precedent Transmission Service Agreement (PTSA) Termination and Modification

NRU appreciates the opportunity to comment on the three Precedent Transmission Service Agreement ("PTSA") reform proposals for BP Wind, EDPR, and Iberdrola. NRU's 50 members are all Network Transmission ("NT") customers of BPA who could see increases in their transmission rates either for stranded costs resulting from customers who default on their PTSAs or for lack of effective use over time of transmission facilities. We, therefore, have a substantial interest in seeing this issue resolved both in the most economical manner possible and that makes the best use of the transmission infrastructure. Equally important, we are seeking outcomes where BPA's transmission assets are available as needed to meet the current and future loads of NT customers.

On December 5th, BPA staff presented on three proposals put forth by BP Wind, EDPR, and Iberdrola. BPA compared each proposal against various scenarios, including default, and concluded that the three proposals are the best outcome for the region. NRU values the time and effort BPA staff has put into developing a creative solution and reluctantly agrees that this may be the most viable answer we have.

While NRU expresses its support for the proposals put forth by BPA, we emphasize that this situation should not have been allowed to occur in the first place. A fundamental purpose of the PTSAs was to protect BPA and its transmission customers from assuming the risks and costs of entering into transmission builds for Transmission Service Requests ("TSRs") and then having the transmission be undersubscribed. Lack of subscription increases rate pressure on BPA's remaining transmission customers, primarily load-serving entities, including NRU's members. Unfortunately, in these three instances, the performance assurance from customers under the PTSAs was inadequate to assure cost recovery. As a result, we are now facing the exact situation the PTSAs were meant to avoid.

However, we are where we are with the current PTSAs. BPA has an obligation to its transmission customers to both limit the amount of stranded costs the Agency may face if the holders of the PTSAs default and to mitigate potential financial losses attributed to underutilization of facilities in the years ahead. NRU believes the BPA staff worked critically and creatively to develop solutions to avoid default and a sufficient methodology to weigh different scenarios. Nevertheless, we can only express reluctant support for these proposals when the only other option is a high risk of default and underutilization of the transmission system. In that context we offer the following:

- We would prefer to see BPA release transmission capacity for sale rather than risking the PTSA holder deferring for 5 years and then likely defaulting at that time. Of course, this is predicated on another transmission customer purchasing such capacity. The Returned Available Flowgate Capability (AFC) methodology BPA developed is a reasonable method of estimating the value of the returned AFC. BPA should evaluate the proposals using the higher PTP rate as stated in the Initial Proposal. This would allow BPA and its customers to more accurately consider the financial implications of all the possible scenarios.

- Regarding the two-parent redirect under Iberdrola's proposal, it may be beneficial in this instance. However, because this is a new concept, NRU has some concerns about how it may work, whether it would appear to be "queue-jumping" in the Network Open Season (NOS) reform process, and if it will impact NT customers' ability to access transmission capacity to serve their loads and load growth. BPA should conduct a stakeholder process to address these concerns, as well as others that may be identified, before any decision is made to offer this option to other transmission customers.

In conclusion, NRU supports the three PTSA reform proposals. However, the more important discussion needs to be how BPA will prevent these circumstances from happening again in the future. We expect that BPA, in close collaboration with transmission customers, will address this in the upcoming NOS process. BPA needs to reestablish customer confidence that requests for transmission service are aligned with the responsibility for payment for service, and that such agreements are enforceable. BPA's relationships with its customers cannot be sustained over time if agreements can be effectively breached unilaterally by one party to the detriment of other customers, simply due to the changing economic and regulatory environment.

Thank you for the opportunity to comment. Please don't hesitate to contact us with any questions or concerns you have about these comments.

Respectfully,

John D Saven

John D. Saven
Chief Executive Officer

CC: Members of NRU

Renewable Northwest Project

PTSA12 0011

Date: December 14th, 2012

To: BPA TechForum

RE: PTSA Term Sheet Comments

Renewable Northwest Project (RNP) appreciates the opportunity to comment on the three Precedent Transmission Service Agreement (PTSA) reform "counterproposals" recently posted by BPA for public review.[1] RNP is a not-for-profit association of renewable energy companies, environmental organizations, and consumer advocacy groups. As such, we appreciate all sides of the complex issues associated with financing and building and new high-voltage transmission infrastructure.

The PTSA reform negotiations and proposals are an outgrowth of BPA's Network Open Season (NOS) policy, which RNP considers among the most successful transmission subscription and financing policies in the country to date. Aligning the needs and timing new generation interconnections with the energization dates of new high-voltage transmission is an extremely difficult task that is complicated by several exogenous factors: national energy policy, global markets, natural gas supply, economic cycles, fiscal policy, and local siting concerns.

From the cultural artifacts along the shores of the Columbia to the commanding heights of the global economy—and all of the variables in between—perfectly forecasting the timing and subscription of new high-voltage transmission is impossible. Challenges exist on both side of the equation: generation developers face policy, economic, and market uncertainty; transmission providers face the related subscription uncertainty, but also issues around securing timely financing and siting permits.

Recognizing the inherent difficulty of the task, it is in the best interest of the region to always strive to build the right transmission in a timely fashion with the least amount of environmental and consumer impact. In striving to meet this goal, transmission providers and generation developers must work together to first minimize and then share the uncertainty and risk associated with building new high-voltage transmission projects.

RNP believes that the NOS policy is a durable design that meets these challenges well. The NOS has survived the greatest recession since the

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[1] Preliminary and Non-Binding Counterproposals provided to Iberdrola Renewables, LLC; BP Wind Energy North America Inc.; and, EDP Renewables North America LLC.

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phone: 503-223-4544 • fax: 503-223-4554 • www.RNP.org

great depression with relatively little unsubscribed capacity and upward rate pressure. RNP believes that the PTSA reform counterproposals further the goal of the NOS and are consistent with the realities of building new high-voltage transmission projects and the principle of minimizing and sharing in the risk and uncertainty that is inevitable in the development of large capital-intensive infrastructure projects.

RNP understands that staff from both BPA and the generation developer companies committed significant amounts of manpower to develop the counterproposals to their current status. Our view of the counterproposals is that they maximize the value of the existing and soon to be energized transmission capacity to the region without setting a bad policy precedent that could damage the viability of future Network Open Seasons.

All of these proposals appropriately emphasize 1) avoiding deferrals and the ultimate termination of the transmission service agreements, which in many cases is the likely alternative strategy, and would result in far less revenue recovery for BPA and its non-participating customers; 2) redirecting and consolidating the PTSA transmission rights into a form that is more attractive and marketable, and 3) transferring the PTSA transmission rights to parties that need and will pay for the service. This approach decreases the risk of long-term revenue under recovery and is the best policy for regional customers given the current circumstances.

RNP has reviewed the assumptions underlying the cost-benefit and scenario analysis underlying these proposals and we agree that the proposed resolutions are in the best interest of the region. In our opinion, it is time for the region to take note of the lessons learned from our first experience with the NOS process, close the chapter, and move forward with the appropriate redesign and reinstatement of the NOS in mid-2013. These steps are necessary to ensure that regional customers have access to affordable transmission when and where they need it.

Thank you for the opportunity to comment,

/s/
Cameron Yourkowski
Senior Policy Manager

From: Espenhorst, Eric [mailto:Eric.Espenhorst@seattle.gov]
Sent: Friday, December 14, 2012 10:13 AM
To: Tech Forum
Subject: PTSA Reform proposals

Seattle City Light thanks you for the efforts on PTSA reform. Over the past 18 months, BPA has done an admirable job of considering differing customer needs.

City Light agrees the proposals are financially preferable to a defer/default scenario.

Does BPA accrue interest on the performance assurances? Since these were paid in the past, interest, if any, should be included in the present value analysis, accrued to the same point in time to which the costs or revenues are discounted.

Thank you for providing updated BP and Iberdrola analyses with future rates estimated. The Risk Adjusted scenarios show greater financial risk remaining on BPAT customers in the event that BPA is not able to resell the assumed amount of transmission.

Future evaluations should include comprehensive analysis on flowgates and financial effects should include forecast of transmission costs and rates. A comprehensive evaluation with as many realistic assumptions as possible provides a reasoned basis for evaluating such requests.

Eric Espenhorst
Seattle City Light
Power Contract and Resource Acquisition

From: Norris, Nancy [mailto:Nancy.Norris@powerex.com]
Sent: Friday, December 14, 2012 1:17 PM
To: Tech Forum
Cc: Holman, Mark; McWilliams, Michael; Aitken, Meredith; McDonald, Karen
Subject: PTSA Reform Comments

These comments are in response to the three posted draft proposals for PTSA termination. Powerex continues to oppose Bonneville's decision to permit some customers to back out of existing transmission commitments. Customers participating in the Network Open Season (NOS) process have made significant investments, not only in transmission projects, but also in other regional projects and commercial arrangements which depend on receiving transmission service within a specified timeframe. In principle, it is discriminatory to subject those customers who fulfill their NOS obligations to uncertainty and potential financial harm because others have a new ability to terminate or modify their agreements. This is further complicated by the fact that the effects are not only within the BPA Balancing Authority Area but in the broader WECC region and as such, it is paramount that all transmission customers can rely on clear, non-discriminatory business practices when making their respective commercial decisions.

To the extent that BPA is allowing flexibility to individual customers, it must extend this flexibility to all customers. BPA is proposing custom modifications for individual companies that include: (1) an extended date for the option to terminate; (2) the ability to terminate early after service has commenced; and (3) a two-parent redirect. Any contract modification should be carried out under well-defined business rules in a non-discriminatory manner applicable to all customers including existing Firm Rights holders. To the extent BPA proposes to make changes to its tariff and/or business practices, it is important to consider whether such changes will result in equal or superior service to the pro-forma OATT.

Thank you for the opportunity to comment.

Nancy Norris
Trade Policy Analyst

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