

BPA Preliminary and Non-Binding Counterproposal
Provided For Settlement Purposes Only as Part of PTSA Reform Process
November 30, 2012

Disclaimer: This counterproposal includes preliminary and non-binding terms proposed by BPA in response to proposal of BP Wind Energy North America Inc. (BP Wind Energy) described below. BPA is providing this preliminary counterproposal for settlement purposes only, and nothing in this document waives any of BPA's rights under the PTSAs or any other agreement between BPA and BP Wind Energy. In addition, nothing in this document constitutes agreement with any of the facts, assertions, or representations in BP Wind Energy's proposal.

BPA is providing this preliminary counterproposal as part of the "PTSA Reform" process. As BPA has described previously in this process, the terms of any agreement in principle regarding termination or modification of a PTSA will be subject to public review and comment prior to BPA deciding to enter into a final agreement. BPA will not decide whether to enter into any final agreement regarding PTSA termination or modification on any terms, including the terms in this preliminary counterproposal, until after providing an opportunity for public comment. This process is subject to change as circumstances warrant.

Summary of BP Wind's Proposal

On January 20, 2012, BP Wind Energy submitted a proposal for up to 400 MW of mutual termination of eight precedent transmission service agreements (PTSAs) that it signed with BPA as part of BPA's 2009 Network Open Season. BP Wind Energy currently holds the eight PTSAs shown in the Table 1 below. At the time BP Wind Energy signed these PTSAs, it provided \$6,230,400 in performance assurance for the agreements. The PTSAs relate to TSRs that need the Big Eddy-Knight project (as well as the McNary-John Day project).

Table 1 – TSRs held by BP Wind

PTSA	AREF	MW	POR	POD	Conformed Source/POR	SCD	Term
09TX-14285	72490816	50	NEWPOINT	BPAT.PSEI	JOHNDAY500/BPAPOWER	1/1/2010	5 yrs
09TX-14286	72490823	50	NEWPOINT	BPAT.PSEI	JOHNDAY500/BPAPOWER	1/1/2010	5 yrs
09TX-14287	72490826	50	NEWPOINT	BPAT.PSEI	JOHNDAY500/BPAPOWER	1/1/2010	5 yrs
09TX-14288	72490832	50	NEWPOINT	BPAT.PSEI	JOHNDAY500/BPAPOWER	1/1/2010	5 yrs
09TX-14289	72674839	50	NEWPOINT	BPAT.PGE	JOHNDAY500/BPAPOWER	1/1/2010	5 yrs
09TX-14290	72674841	50	NEWPOINT	BPAT.PGE	JOHNDAY500/BPAPOWER	1/1/2010	5 yrs
09TX-14291	72674842	50	NEWPOINT	BPAT.PGE	JOHNDAY500/BPAPOWER	1/1/2010	5 yrs
09TX-14292	72674846	50	NEWPOINT	BPAT.PGE	JOHNDAY500/BPAPOWER	1/1/2010	5 yrs

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BPA Preliminary Counterproposal

For settlement purposes only and subject to the conditions described above, BPA proposes to release BP Wind Energy from its obligations under one or more of the PTSAs listed above and terminate such agreements on the following terms:

- BP Wind Energy would have until September 30, 2013 to notify BPA in writing whether BP Wind Energy is electing to terminate one or more of the eight PTSAs.
- For each PTSA that BP Wind Energy elects to terminate (the “Terminated PTSAs”), BP Wind Energy would make a single, lump sum payment to BPA in the amount of \$778,800.
- BPA would release the performance assurance associated with Terminated PTSA to BP Wind Energy following receipt of the lump sum payment.
- The parties would agree to terminate each PTSA which BP Wind requests terminated by the above deadline.
- BP Wind Energy would relinquish any and all rights to the reserved capacity under the Terminated PTSAs and associated with the requested service.
- BP Wind Energy would agree that BPA can take the OASIS actions necessary to annul or otherwise remove the TSRs associated with each Terminated PTSA from BPA’s transmission service request queue on OASIS.
- The parties would agree to a mutual waiver of all claims, present and future, associated with each Terminated PTSA and service and TSR associated with such Terminated PTSA.
- Neither party would agree to the methodologies or principles of the other party relied on to enter into any agreement, and any agreement would not serve as precedent in the future.
- The terms of any proposed agreement between the parties would be reduced to a draft written agreement. Prior to either party signing a written agreement, the terms of the proposed agreement, or a draft of the written agreement itself, may be publicly disclosed and posted by BPA for public comment and review.
- Prior to signing a written agreement, any agreement in principle would be non-binding and would create no obligations on the part of either party.
- Other standard contract terms and conditions to be negotiated by the parties.

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Financial Analysis of BP Wind Termination Proposal

Value of Original Contract (\$000)		
1	Contract MWs	400 MW
2	Net Present Value of Original Contract	\$ 23,100

Value Associated With Termination		
3	NPV of Returned AFC	\$ 22,411
4	300 MW Performance Assurance	\$ 6,230
5	Total Value of Termination	\$ 28,642

Assumptions

- 1) Discount Rate of 9% Applied
- 2) Released AFC is remarketed January 2015