



## Department of Energy

Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

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In reply refer to: TSP-TPP-2

To Our Customers, Constituents, Tribes, and other Stakeholders:

In March 2008, the Bonneville Power Administration (BPA) initiated its first Network Open Season (NOS) with the goals of better managing BPA's queue of requests for long-term transmission service and more efficiently identifying the new transmission infrastructure that would be necessary to provide the service requested by customers. BPA has since processed 26,625 MW of requests for service through the 2008, 2009, and 2010 NOS processes.

Network Open Season was intended to evaluate the requests in the transmission queue that were based on known needs for service. BPA required customers in NOS to sign a Precedent Transmission Service Agreement (PTSA), which obligates a customer to take the service it requests if BPA can provide service at the rolled-in rate and if BPA decides, after completing environmental review, to build the facilities necessary for the service. BPA anticipated that only those customers who were certain about their need for service would sign the PTSA, because of the commitment to take the service upon completion of any required facilities.

Today, BPA is announcing a decision that it did not expect to make when it started NOS. BPA is agreeing to provide an opportunity to modify or terminate signed PTSAs to certain customers that requested the ability to do so. This decision closes out the lengthy "PTSA Reform" process that BPA has conducted over the past 18 months and will allow BPA to refocus its resources on improving the NOS process for the future.

In December 2012, BPA posted the terms of proposed agreements with BP Wind Energy North America, Inc., EDP Renewables North America, LLC, and Iberdrola Renewables, LLC. BPA sought comments regarding whether other BPA customers and stakeholders believed that the region would be made whole by the proposals to terminate or modify PTSAs. BPA received comments from a variety of stakeholders, and the comments reflected the difficulty of these issues and the disagreement on the preferred approach for resolution. BPA has emphasized transparency and the need for customer input throughout the PTSA Reform process, and BPA truly appreciates the extensive time and effort that customers put into the discussions.

Although the stakeholder comments reflected an inability to achieve complete consensus on the best approach to these issues, BPA agrees with the majority of stakeholders that addressing this situation by entering into agreements now will help to limit the uncertainty that BPA and its customers face in the future due to changed financial circumstances. For that reason and others

explained in Attachment A to this letter, BPA has decided to enter into the proposed agreements with BP Wind, EDPR, and Iberdrola. Attachment A includes BPA's responses to the customer comments and describes the rationale for BPA's decision in detail.

The scope of BPA's decisions today is limited. The decisions are a product of the specific circumstances surrounding the contracts with these particular customers who requested their proposals be considered in this process. BPA is not adopting any new policy regarding termination through the decisions in PTSA Reform, and these decisions do not establish any precedent for the future.

With the announcement of these decisions today, I look forward to BPA turning its attention to making improvements to its NOS process, incorporating lessons learned from this recent experience. BPA has postponed running another NOS pending completion of the PTSA Reform and NOS Reform processes. The decisions today help clear the way for BPA to restart an improved NOS process that will provide benefits to BPA and its customers.

Sincerely,



William K. Drummond  
Administrator and Chief Executive Officer

Enclosure:

Attachment A:	Rationale for Decisions in Precedent Transmission Service Agreement Reform Process
Attachment B:	Term Sheets and Financial Analysis Posted for Public Review
Attachment C:	Customers Comments