

Large Generation Interconnection Queue Reform

August 21, 2012
Customer Meeting

DRAFT AND PREDECISIONAL



Objectives of GI Queue Reform

- Facilitate interconnection of projects in a manner that recognizes their preparedness and commercial viability.
- Implement a Site Permit Milestone to ensure the timely completion of the customer's permitting process
- Enable BPA's completion of the environmental review under the National Environmental Policy Act ("NEPA") and other laws, which is required before making an offer of an interconnection agreement.
- Revise tariff to address BPA work plan process procedures & other BPA processes (180 day FAS with 10% estimates)
- Revise LGIP to allocate costs of shared network facilities (pro rata with late-comer provision).
- Develop a transition plan to address backlog of completed studies.

Site Permitting Milestone

- Environmental Study Agreement tendered simultaneously with the Interconnection System Impact Study (“ISIS”) agreement, after the FES results have been issued and reviewed.
- A 24-month period starts 30 days after Environmental Study Agreement is received by customer.
- Site Permit: Examples include a state-issued site certificate or a county conditional use permit that allow the developer to proceed with obtaining construction permits for the Interconnection Request.
- If the Site Permit Milestone is missed, the Request will be placed in the Parking Lot and will lose its queue priority.

Parking Lot

- The “Parking Lot” is the status of an Interconnection Request that has not met the Site Permit Milestone.
- If a site permit is not obtained and provided to BPA before the Site Permit Milestone (at the end of the 24 month period), the Request will be placed in “Parking Lot” status.
- Upon entry the Parking Lot, the Request loses its queue priority.
- The “Parking Lot” duration is up to 2 years.
- BPA will grant an extension beyond two years if site permit is delayed both because of reasons beyond the Interconnection Customer’s control and one or both of the delay provisions.

Delay Provisions

Customer Regulatory Delay:

- Any state or local governmental delays in permitting (lawsuits, referral to state, etc.)
- Not for incomplete environmental study unless delay mandated by State or Federal agency.

BPA Transmission Delay:

- Delay in the BPA completion of transmission build to be able to offer transmission service to the project.
- Delay extended until BPA construction 'Notice to Proceed' for transmission service executed for related TSR.
- TSR needs to be directly related to the GI POI.

Exiting Parking Lot

- Customer may exit the Parking Lot upon BPA receipt of its site permit.
 - Upon reentry to the GI queue, BPA will assign the Request a new queue priority based on the date BPA received the site permit.
 - The Interconnection Request will be given queue priority behind any Interconnection Requests that have already been tendered ISIS and Environmental Study Agreements from BPA.
 - Request then moves into the LGIP “re-study” process; the extent of “re-study” is determined by BPA Planning and subject to revised study costs.
- Or, Request is deemed “Withdrawn” for failure to obtain site permit.

LGIA Suspension Period

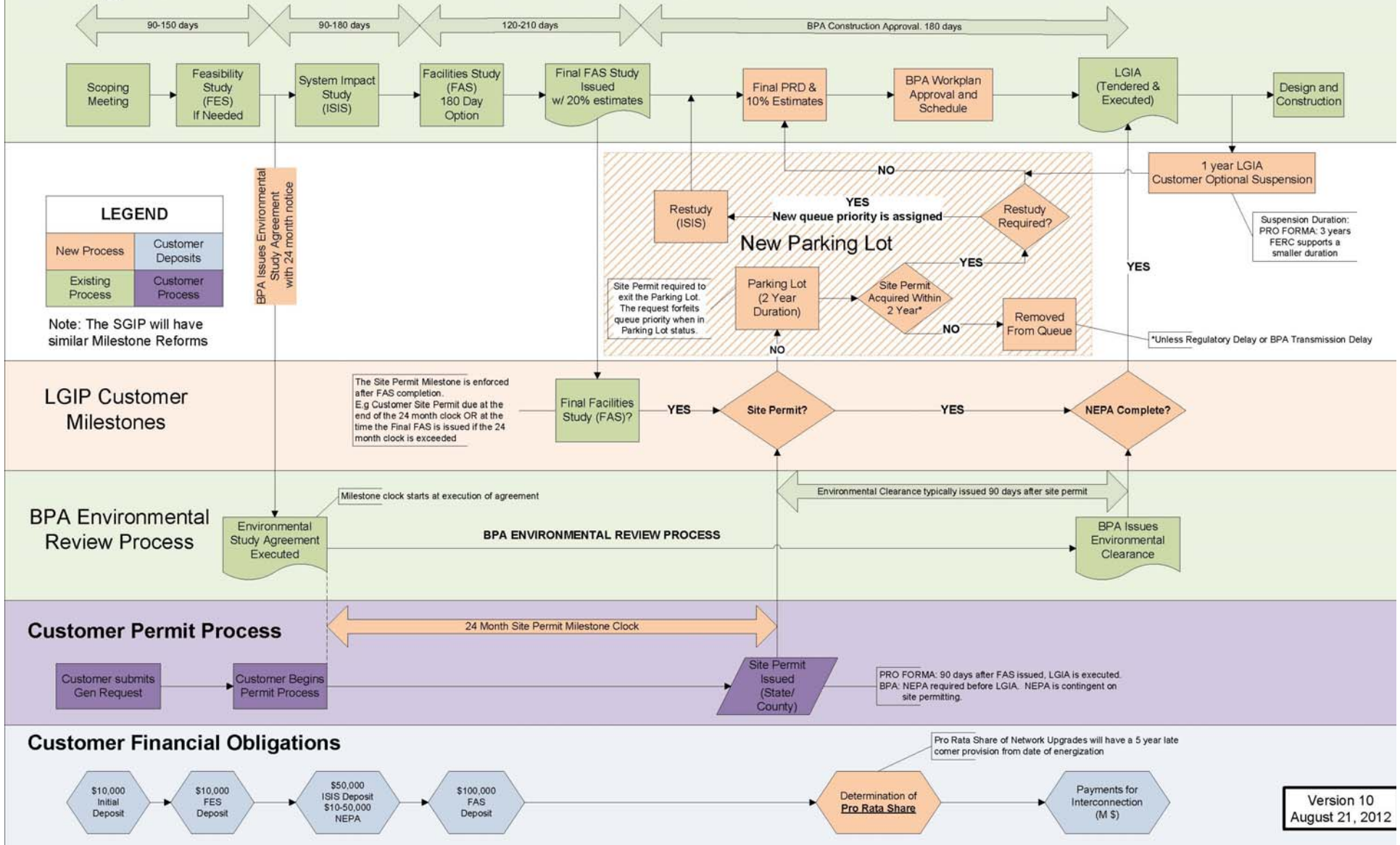
- An executed LGIA can be suspended for 1 Year.
- Request retains queue priority position once LGIA is signed.
- Energization date in the LGIA will be negotiated between the parties (already in tariff language)
- Request to proceed will require BPA Work Plan submittal for new schedule.

Network Upgrade Pro Rata Cost Sharing

- Costs of common Network Upgrades, as determined by BPA, will be allocated across all parties that require shared Network Upgrades to support their Interconnection Requests
- The prorating will be based on the total MW size of the request.
- Late-comer provision: All new requests interconnecting at shared network upgrades will be required to fund their pro-rata share of common Network Upgrade costs for up to 5 years after initial energization of the facility.
- Customers will be provided network credits based on their share of the common and individual Network upgrades.

Large Generation Interconnection Process

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Version 10
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Proposed Transition Plan Process

(For Requests with executed environmental study agreements)

- Addresses the stalled requests (7,700 MW) with completed planning studies, executed environmental study agreements & without site permits.
- Proposed Transition Plan for these stalled requests:
 - BPA to issue letter notice:
 - Customers will declare within 30 days, their intent to complete the site permitting process or withdraw
 - For those declaring their intent to complete process:
 - 24 month timeline to complete site permits starts upon returned, signed letter of intent.
 - If site permit is not completed within 24 months, the request will be put into a parking lot for 2 years.
 - If site permit is not completed after one year in the parking lot, the request will be deemed “withdrawn.”

GI Reform Next Steps

- Comments on GI Queue proposal due September 21, 2012.
- Next stakeholder meeting on GI reform anticipated in Fall.
- Questions?