

Bonneville Power Administration

Generation Interconnection Procedural Reforms

Customer Meeting
December 5, 2012



Background

- Problem we are addressing
 - Planning studies have been completed for over 50 requests totaling 8,795 MW that have not moved to interconnect.
 - The number of stalled requests increases each year
 - BPA relies upon state or local site permitting to complete environmental review (NEPA), which is required before offering an LGIA



Background

The results of the problem:

- Increasing system planning uncertainty (who will really be connected in the future base cases?)
- Too many assumptions prevent BPA defining realistic and firm plans of service for later-queued requests for those willing to move forward
- Projects wanting to construct dealing with the uncertainty of earlier-queued requests that have not proceeded to complete site permits and construction



Customer Outreach

- **December 14, 2010 Customer Meeting**
 - MISO, CAISO Presentations, discussion of BPA LGIP queue management issues and concerns.
- **July 20, 2011, Customer Meeting**
 - Presentations outlining GI issues and showing possible solutions. Early ideas included regular cluster cycles, multiple 'Milestones' and 'Parking Lot' windows as well as pro rata cost sharing and first-ready/first-served concepts.
- **December 6, 2011, Customer Meeting**
 - Initial roll out of detailed proposals based on July 20 construct.
- **June 21, 2012, Customer Meeting**
 - Revised GI Proposals focusing on Site Permitting milestone, 1-year Parking Lot window, pro rata funding of shared network facilities, and detailed Transition Plan proposals.
- **August 21, 2012, Customer Meeting**
 - Staff Recommendation. Based on June 21 construct, with 2-year Site Permitting window, 2-year Parking Lot window. Introduces 'Regulatory Delay' and 'Transmission Delay' window extensions from customer input.
 - Defines Parking Lot exit conditions and prioritization methodology. Comment period to October 5, 2012.
- **September 5, 2012, Customer meeting**
 - Presented principles of parallel reform of SGIP and Credits Recommended Options, started 30 Day Customer comment period. Proposes 'Final Proposals' to customers in "early 2013" targeting FERC filing in March.
- **October 5, 2012, Comment Window closure.**
 - Customer Comments on LGIP and SGIP reforms from August 21 and September 5 meetings Due Date.



Summary of Customer Feedback

- **Site permit milestone and Parking Lot**
 - High level of support for two year milestone
 - Support for two-year parking lot with regulatory delay and BPA transmission provisions
- **Pro-rata cost share with Late-Comer Provision**
 - One customer opposed due to increased potential cost impacts to its project; Other customers support pro rata cost sharing with late-comer provision
 - BPA believes the benefits of pro rata cost sharing outweigh the transitional impacts; Pro rata cost sharing supported by recent FERC decisions
- **One Year LGIA suspension**
 - Developers want to retain business flexibility afforded by the existing 3-year suspension right
 - Suspension has only been used by one BPA customer
 - Shorter suspension provision supported by recent FERC decisions
 - 1- year suspension is reasonable in light of proposed 4-year (minimum) period to obtain site permits
- **GI-NOS linkage**
 - Developers concerned about timing and relationship between GI and NOS processes
- **SGIP reform to align with LGIP reform**
 - Supported as long as benefits of smaller SGIP deposits and shorter study timelines are retained



Final BPA Decision

- Site Permitting 24 month Milestone, with loss of queue priority rights
- Parking Lot for Requests not meeting the Permit milestone
- LGIA Suspension Provision shortened to one year
- Pro rata Advanced Funding for Shared Network Facilities
- Several house-keeping revisions
- Transition Plan for existing interconnection requests
- Parallel revisions in LGIP and SGIP (where applicable)



Next Steps

- Drafting of Tariff Revisions has begun
- Customer Meetings to be held in January/February, 2013, to review detailed Tariff Revisions for GI Reform of LGIP and SGIP (OATT Attachments L and N)
- Target is March 2013 to submit to FERC
- Goal is to have Approval of both NOS and GI Reforms to start NOS in June 2012



APPENDIX



Large Generation Interconnection Process

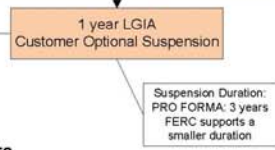
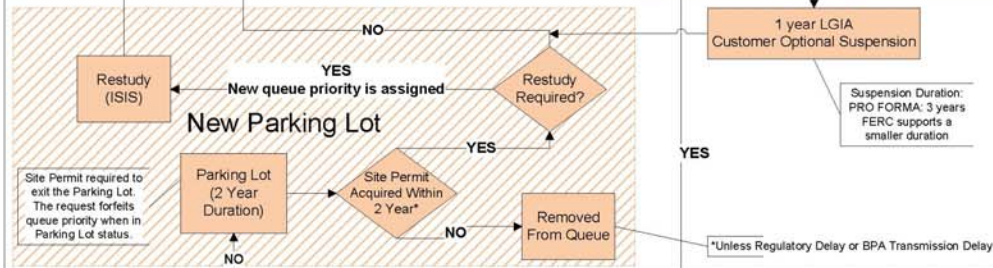
DRAFT AND PREDECISIONAL



LEGEND	
New Process	Customer Deposits
Existing Process	Customer Process

Note: The SGIP will have similar Milestone Reforms

BPA Issues Environmental Study Agreement with 24 month notice



LGIP Customer Milestones

The Site Permit Milestone is enforced after FAS completion. E.g Customer Site Permit due at the end of the 24 month clock OR at the time the Final FAS is issued if the 24 month clock is exceeded



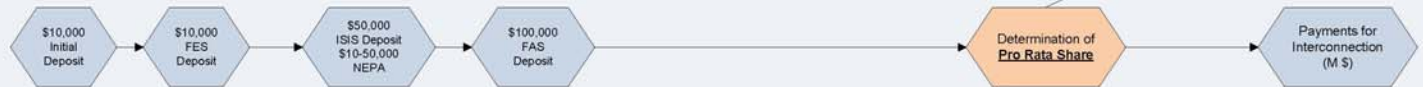
BPA Environmental Review Process



Customer Permit Process



Customer Financial Obligations



Version 10
August 21, 2012



Objectives of GI Queue Reform

- Facilitate interconnection of projects ready to build by bypassing those requests not meeting permitting timeline.
- Implement a Site Permit Milestone to bypass requests (with loss of queue priority) failing to meet the milestone
- Provide a Parking lot and process to allow additional time to complete milestone and to re-establish a queue priority
- Facilitate BPA completion of the environmental review required to offer of an interconnection agreement.
- Revise tariff to address BPA work plan process procedures & other BPA processes (180 day FAS with 20% 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 Permit Milestone

- Environmental Study Agreement tendered with Interconnection System Impact Study (ISIS) agreement (single plan of service/POI selected)
- 24-month timeline starts 30 days after issuance of Environmental Study Agreement
- Site Permit Milestone satisfied in different jurisdictions by providing :
 - State-issued site certificate;
 - County conditional or special use permit;
 - Other siting permit allowing developer to proceed to construction.
- If 24-month Site Permit Milestone is missed, the Request is placed in the Parking Lot, with loss of queue priority until Permit is obtained.



Parking Lot

- The Parking Lot:
 - Provides additional time for developers to obtain Site Permits
 - Removes planning uncertainty of stalled requests
- Parking Lot duration is up to two years to complete site permitting process
- Possible extensions, if delay is beyond Customer control:
 - Regulatory Delay, *or*
 - BPA Transmission Service Delay.

(See 'Extensions to Parking Lot Timelines', Slide #13)

- Request deemed Withdrawn if site permit not obtained within two years in Parking Lot unless developer has been granted extension.



Extensions to Parking Lot Timelines

- **Regulatory Delay**: If Permit is delayed by regulatory or judicial issues, Parking Lot stay may be extended until Permit is issued.
- **Transmission Service Delay**: Delay in offer of transmission service related to the GI request due to study/approval of construction, as determined by BPA.
- Delays caused by Customer are not acceptable reasons for extension



Re-entry from Parking Lot

- Customer may exit the Parking Lot upon obtaining necessary site permit(s) that allows BPA to complete Environmental review.
- Customer requests to Re-enter Study process leading to LGIA and construction.
- BPA assigns new queue priority behind requests that have been tendered ISIS and Environmental Study Agreements.
- Request enters “re-study” process, subject to additional cost.
- Extent of “re-study” is determined by BPA Planning; plan of service reviewed; final estimates and schedule determined.
- When re-studies complete, LGIA is tendered.



Transition Plan

(For Existing GI Requests with Environmental Study Agreements)

- Effective when OATT filing approved by FERC
- Applicable to those requests with completed planning studies (FAS) and executed environmental study agreements
- Customer shall declare intent to complete site permitting process, or withdraw request
 - For customers declaring intent to complete permitting:
 - Two-year Milestone period commences
 - After two years, request placed in Parking Lot:
 - Loss of queue priority
 - Additional two years to obtain site permit while in Parking Lot
 - Re-enter study queue with new queue priority when site permits obtained
 - Re-study provided with revised plan of service and interconnection date
 - Extension provided for 'Regulatory' or 'BPA Transmission Service' delays.
(See 'Extensions to Parking Lot Timelines, Slide #13)
- Requests will be deemed "Withdrawn" if site permit is not obtained within two years in Parking Lot



Other Reforms

- LGIA Suspension (Art. 5.16) shortened to one year
 - Site permit milestone/parking lot provides up to four years for developers to determine business plans;
 - Planning and Construction certainty for BPA, customers
 - Construction schedule in LGIA can be negotiated to align with BPA Tx build.
 - Supported by other FERC decisions.
- Pro rata Cost Sharing of Network Upgrades
 - Requires developers to share cost of common Network Upgrades
 - Costs allocated pro rata on a MW basis
 - Includes Late-comer provision for interconnections within five years of initial in-service date
 - Transmission credits provided, per Tariff, on prorata funding provided.
- Revise LGIP to address Interconnection Facilities Study estimate accuracy and timeline, BPA Work plan process and other housekeeping administrative items
- Incorporate core concepts (Milestone, Parking Lot, Pro-rata cost sharing) into SGIP.



Thank you for your participation.

Questions?

