

Product Conversion Orientation

February 11, 2021



BACKGROUND

TC-20 Product Conversion Commitment

During TC-20 Settlement discussions with customers, BPA committed to provide two opportunities for customers to convert from PTP to NT or NT to PTP.

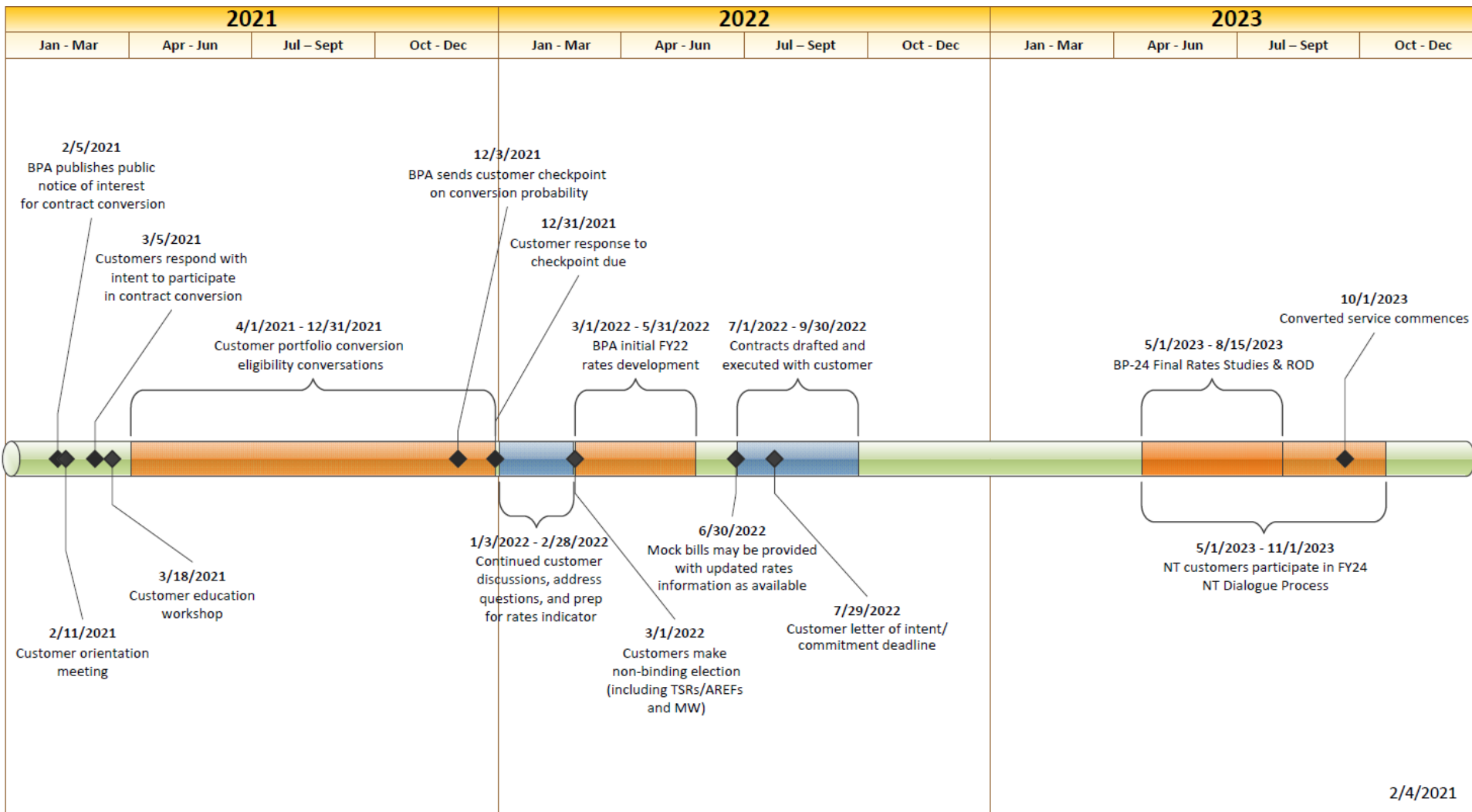
Excerpt from the TC-20 Settlement Agreement:

“Bonneville will provide at least two conversion windows, including one prior to the start of the BP-22 proceeding and one prior to the start of the BP-24 proceedings, for customers desiring to switch their long-term firm transmission product designation from either NT to PTP or PTP to NT.”

First conversion window had an election period from March 2019 through March 2020, with a service commencement date of October 1, 2021.

Second conversion window has an election period from March 2021 through March 2022, with a service commencement date of October 1, 2023.

Draft 2nd Window Conversion Timeline



2/4/2021

REVIEW OF 1ST CONVERSION WINDOW

1st Conversion Window

At the Start:

- 7 customer participants interested in converting from PTP to NT
- ~ 3000 MW of potentially converted TSRs

In the End:

- One customer converting from PTP to NT
- 143 MW are being converted

Rate Impacts

- BPA did not expect any significant impacts on the Transmission rates due to product conversion
- BPA still estimates the rate impact of the network conversion in the BP-22 rate period to be negligible
- The Initial Proposal was issued December 1, 2020

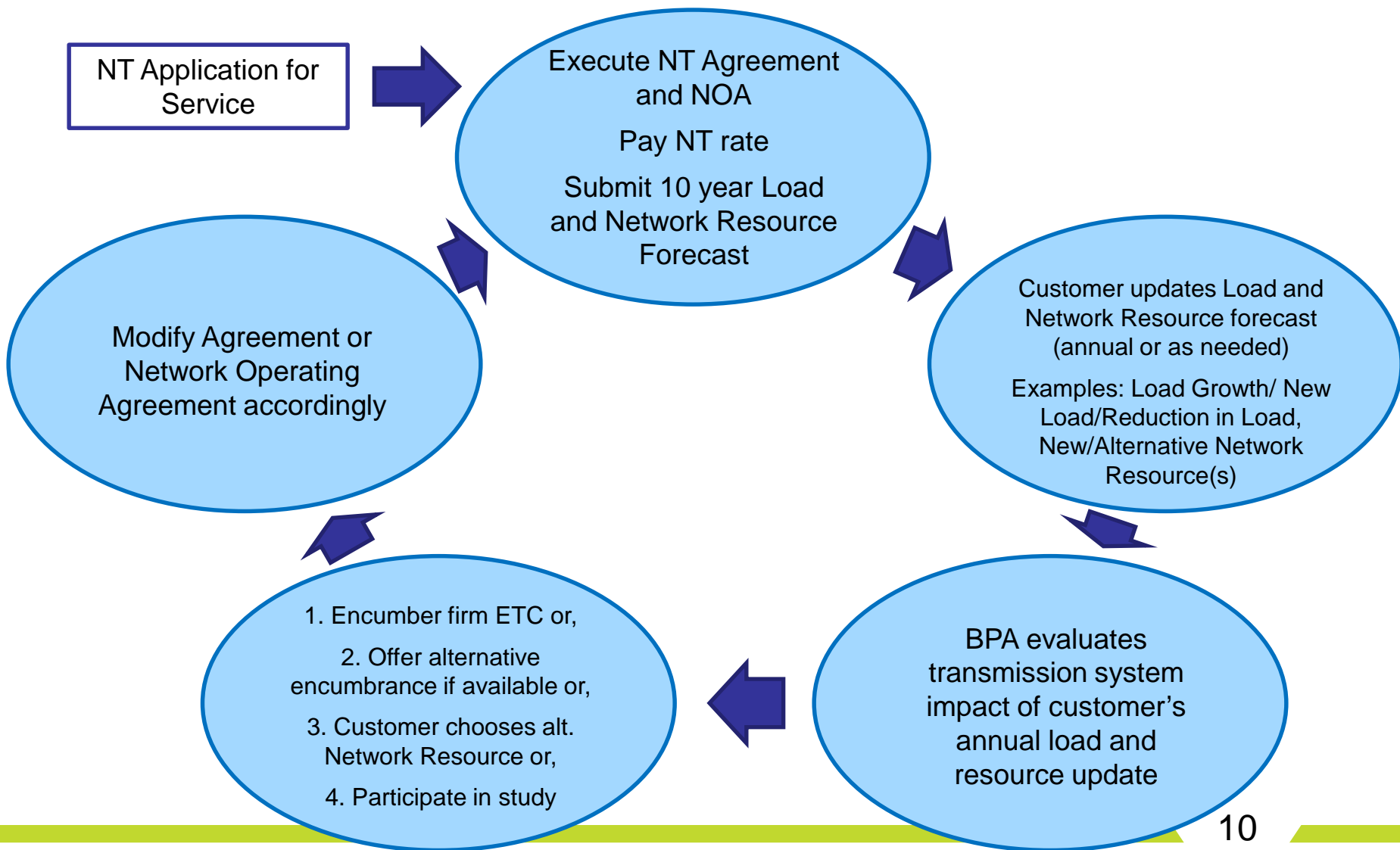
TRANSMISSION PTP AND NT OVERVIEW

Tariff Transmission Service Products

The Open Access Transmission Tariff (the Tariff) delineates the terms and conditions of providing and taking transmission service.

- BPA's Tariff provides for two types of Transmission Service:
 - Point-to-Point (PTP) Service
 - Terms and conditions of PTP Service are located in Part II of the Tariff.
 - PTP Service allows the Customer to move power from a Point of Receipt to a Point of Delivery
 - Billed on reservation capacity
 - Reference PTP Product Overview (available on request)
 - Network Integration Transmission Service (NT Service)
 - Terms and conditions of NT Service are located in Part III of the Tariff
 - Available only for service to Network Load
 - Billed based on metered Network Load
 - Reference [NT Product Overview](#)

Cycle of NT Service



Network Integration Transmission Service (NT)

- NT customers use their Network Resources to serve Network Load and are required to:
 - Designate Network Resources (federal or non-federal) to serve Network Load on firm transmission
 - Designate Network Load at discrete Points of Delivery (POD) to be served through NT service
 - Provide an annual 10-year load and resource forecast
- The Transmission Provider has an obligation to plan, construct, and operate the transmission system in order to deliver Network Resources to NT Customer's Network Load
- NT Service may only be used to serve Network Load and may not be used for marketing purposes
- NT Service is billed based on total Network Load which includes internal generation resources
- The Network Operating Agreement contains the operational needs between BPA and its NT customers

Point to Point Transmission Service (PTP)

- Point-to-Point Transmission Service is for the transfer of electric power between a designated Point of Receipt (POR) and a designated Point of Delivery (POD)
- PTP Service is typically used by IOUs, IPPs, marketers, and larger load serving entities to market surplus power and to serve PTP load
- Public customers use PTP for 3rd party sales
- PTP service can be redirected (i.e., change PORs/PODs) on a firm basis (firm redirects) as well as on a non-firm basis
- A PTP customer may assign or transfer its right to another entity
- A PTP customer has a right to extend service (subject to competition)

Converting from PTP to NT

Each customer considering converting from PTP to NT should include with its notice:

- Resources it is considering designating to serve load (including behind the meter resources)
- Amount of each designation
- Identify the existing PODs for product conversion

Converting from NT to PTP

Each customer considering converting from NT to PTP should include with its notice:

- POR-POD combinations for the PTP rights it wishes to obtain
- Associated capacity for each desired contract path

2ND CONVERSION WINDOW

Conversion Principles

These principles will apply to treatment of PTP rights in consideration of potential conversion to NT Service. BPA will develop NT to PTP principles as needed.

- BPA will treat all conversion participants in a fair and equitable manner, consistent with applicable OATT, Rate Case and Business Practice provisions
- Resources to be designated must be identified and attested to as owned, purchased or leased
- Early termination of non-converted PTP rights will not be considered as part of the conversion process
- Only long-term PTP capacity used to serve load as of March 5, 2021 is eligible for conversion

Conversion Principles (Continued)

- Only long-term PTP capacity associated with an eligible resource for designation as of March 5, 2021, will be considered for conversion
- Customers may retain existing PTP service
- Costs associated with conversion will be assigned consistent with current business practices and Cost Allocation Guidelines
- BPA will inform eligible customers whether their current PTP transmission rights are sufficient to accommodate the NT service

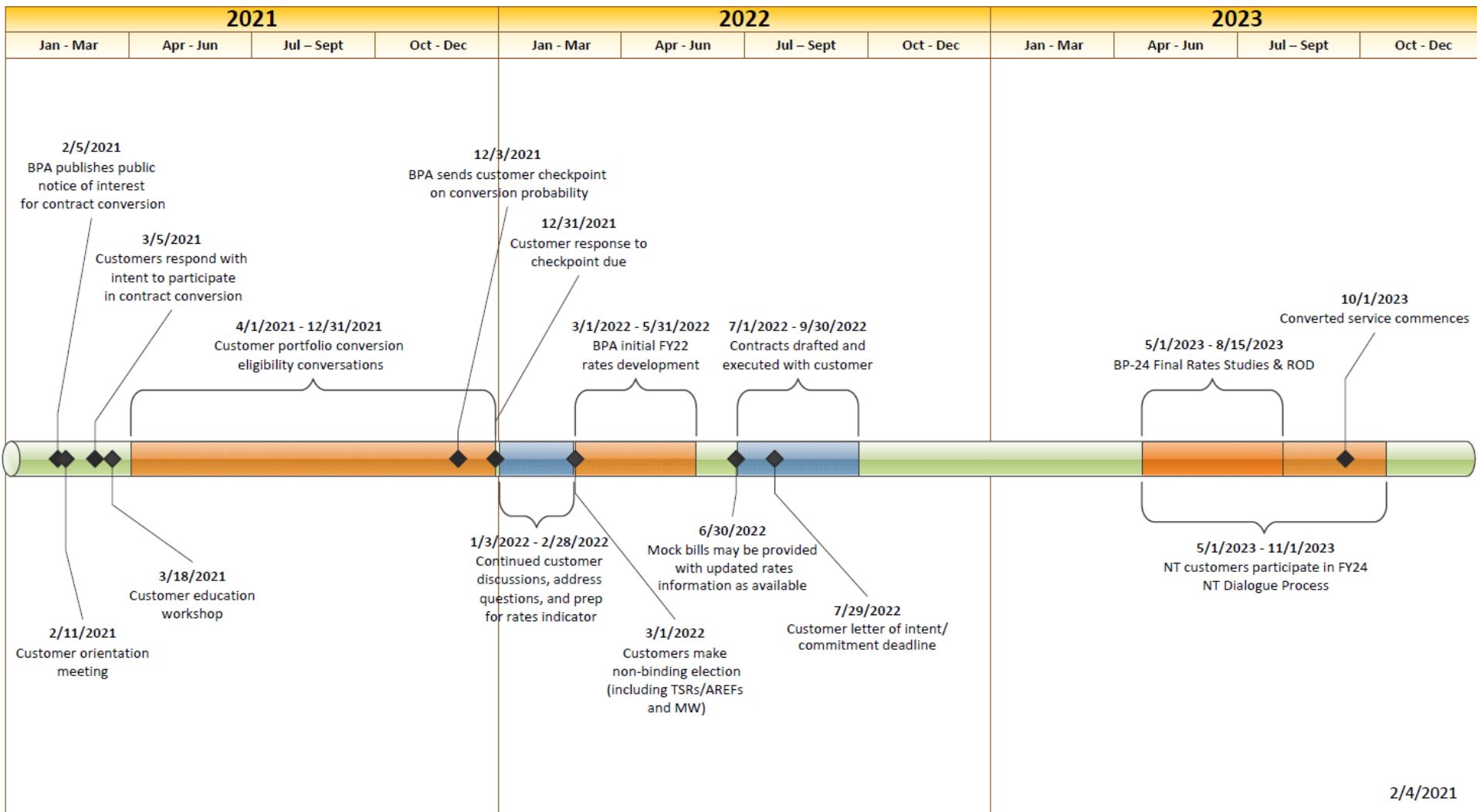
Conversion Analysis

- BPA will provide an example of each customer's bill to illustrate the difference between existing service and converted service
- For conversion to NT, BPA will analyze resources identified by each customer to serve load to determine firm service availability
 - BPA will provide information to customers so they can determine when to submit TSR's if additional capacity is required to cover a DNR or load
- Evaluate the path impacts of converting service, reflective of the resources expected to serve load
- Evaluate any CF, TSRs, participation in builds, etc. and determine their applicability to the converted service

Decision-Making

- BPA will structure the process for consistent/equitable treatment of each customer's rights
- Each customer must develop their own business case in support of its decision to convert
- BPA needs a final decision from customers before it begins the BP-24 Rate Case
- BPA and customer need sufficient time to review and approve proposed conversions

Draft 2nd Window Conversion Timeline



2/4/2021

Next Steps

- Customer responses to interest in participation of contract conversions due March 5, 2021
- BPA provides customer education workshop March 18th, 1:00 – 4:00 p.m.
- Individual customer conversations about eligibility commence

QUESTIONS?