

Transmission Business Model

Pro Forma/Industry Standard Gap Analysis:

Real Power Losses



Hourly Firm

- Address Hourly Firm Product. It sends the wrong price/congestion signals, requires high customization and undercuts/derails curtailment priorities with all other NT/PTP products

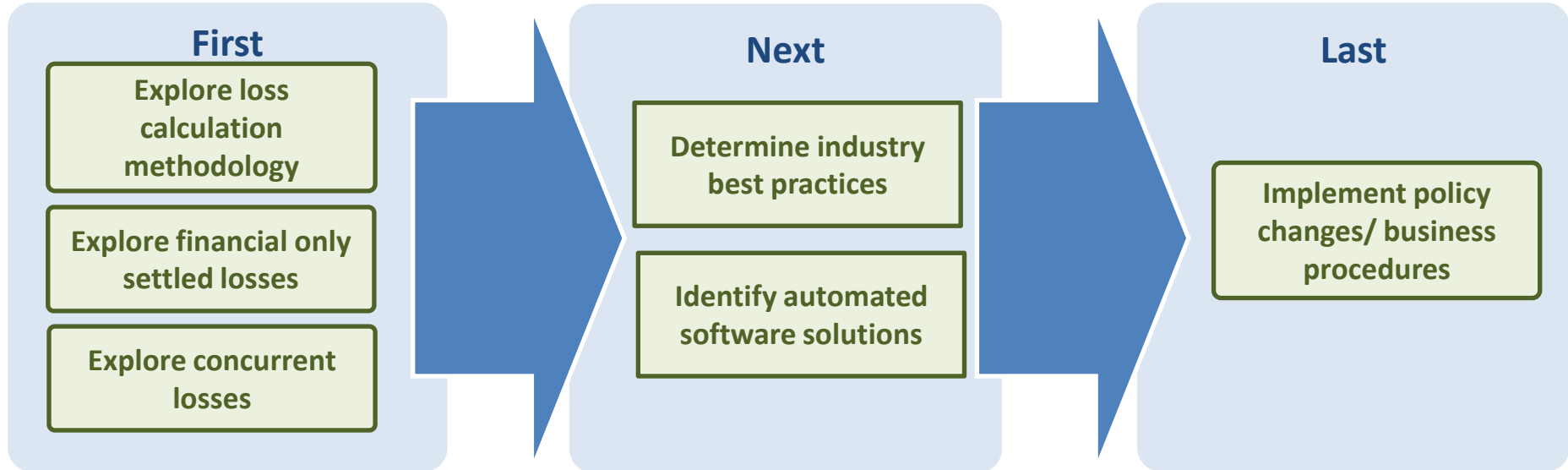
Ancillary Services

- Stale FEREC language in the Tariff for Schedule 3
- Tariff Schedule 9 does not include Generator Imbalance
- BPA includes VERBS and DERBS as GI capacity charges in rate schedule

Losses

- BPA processes more in kind returns than financial
- BPA uses custom IT system and unique processes to accomplish loss returns (payback 168 hours after flow, tracking to kWh level)

BPA Direction: Real Power Losses



Resolving These Losses Gaps

- BPA processes more in kind returns than financial
- BPA uses custom IT system and unique processes to accomplish loss returns (payback 168 hours after flow, tracking to kWh level)

Explore Calculating Losses Methodology

9/20/17

FY 2022

Steps

Decide how granular the loss factors should be:
Seasonal? Daily?

Identify the data needed to calculate the loss factors
at the desired granularity

Determine how often should the loss factors be
updated?

Evaluate tariff / business practice change

More
accurate and
efficient Loss
calculation

Objective

More accurate
reflection of losses
calculation and
cost

Implementation Considerations

- Data Quality
- Real-time, Daily, Seasonal
- Cost uncertainty for customers
- Operational data to be used for the calculation of in-kind and financial losses

Explore Financial only Settled Losses

9/20/17

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Steps

Reevaluate loss payback rates

Transition plan for non-standard OATT contractual provisions

Planning for load service to account for absence of in-kind returns

Tariff, rate case requirements and business practice

Eliminate In-kind Loss Returns

Objective

Reduce complexity for managing losses

Implementation Considerations

- SLICE returns will remain
- Pricing model and cost recovery issues
- Transition planning
- Legacy Contracts

Explore Concurrent Losses

9/20/17

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Steps

Customer outreach and benchmarking

Costs associated with Concurrent Loss returns

Planning for load service to account for addition of concurrent returns

Tariff, rate case requirements and business practice

Methodology
/
Technology
evaluation

Objective

Provide customers
with options for
loss returns

Implementation Considerations

- Legacy contracts
- Tagging software protocols & procedures
- Cost & Complexity of changing loss return practices
- Loss would have to be calculated in whole MWh
- Use operational data would be used for financial and concurrent losses

Tell us how it would add value to your organization to have BPA provide a more accurate reflection of losses calculation and cost ?

**Would BPA changing to
Financially only losses
reduce complexity for
managing losses for your
organization?**

**Would concurrent losses
be a viable option for
returning losses for your
organization?**