

BOATT 2.0 – Building Regional Consensus (Draft Based on 8/30/12 Discussion)

Possible Principles for Longer-Term Approach/Elements of Interim Approach

Principles for Longer-Term Approach

1. Acknowledge that mechanisms in upcoming rate period are transitional
 - a. Will not be perfect or even best solution, but one that is, ideally, moving towards the longer-term solution
 - b. By supporting the interim approach, no party is endorsing or can be bound by any of the elements/concepts for a longer-term approach
 - c. What happens in the rate case should not inhibit or work against moving towards better regional solutions
2. Goal is for all wind to be firm
 - a. Enable parties to commercial transactions to assign risk to different links in the chain depending upon who is best able to handle
3. Transition to robust intra-hour market that promotes more efficient movement of energy among the region's BAs and send appropriate price signals for generators and load
4. Reduce balancing costs
5. Reliance on FCRPS base system for capacity reduced over time
6. Capacity used to provide the reserves should not reduce the amount of capacity available or needed to provide federal power services to preference customers
7. Functional market where all of the same rules apply to all resources
8. Rules should be consistent across all of the BAs
9. Common reserve requirements across BAs with different variable reflecting correlation between penetration and requirements
10. Pass muster with FERC (satisfy FERC requirements for comparable and not unduly discriminatory or preferential transmission access)

Elements of Interim Approach

1. Clarity
2. Needs to contain a structure with a potential of lowering balancing costs during the upcoming rate period
3. BPA should be in as good of a place with respect to reliability as with DSO 216
4. Those customers who select committed schedule approach should not be subject to persistent deviation charge (example of interim structure that will lower costs)

5. There should be flexibility, if possible, within the rate case period to accommodate changed circumstances (for example, if webExchange takes flight, it would be ideal if customers could elect within the rate case period to take ESS)
6. Timing – Information should be communicated to sink BAs with sufficient time to enable them to react
7. There should be an alternative to requiring wind to be scheduled as an interruptible product requiring 100% backup
8. Price signals – to the extent any of packages require BPA to go out in the market to purchase additional capacity, the costs of those acquisitions should be paid by the parties in the pool using the service or to the projects that require the purchase
9. BPA should not have an unconstrained obligation
10. Capacity used to provide the reserves should not reduce the amount of capacity available or needed to provide federal power services to preference customers
11. Keep it within what is organizationally possible for BPA (consistency between objectives of power and transmission policy so customers not caught between the two)
12. Keep it simple as possible
13. Pass muster with FERC (satisfy FERC requirements for comparable and not unduly discriminatory or preferential transmission access)