

Large Generation Interconnection Queue Reform

June 21, 2012



GI Queue Reform

Why is Reform Needed?

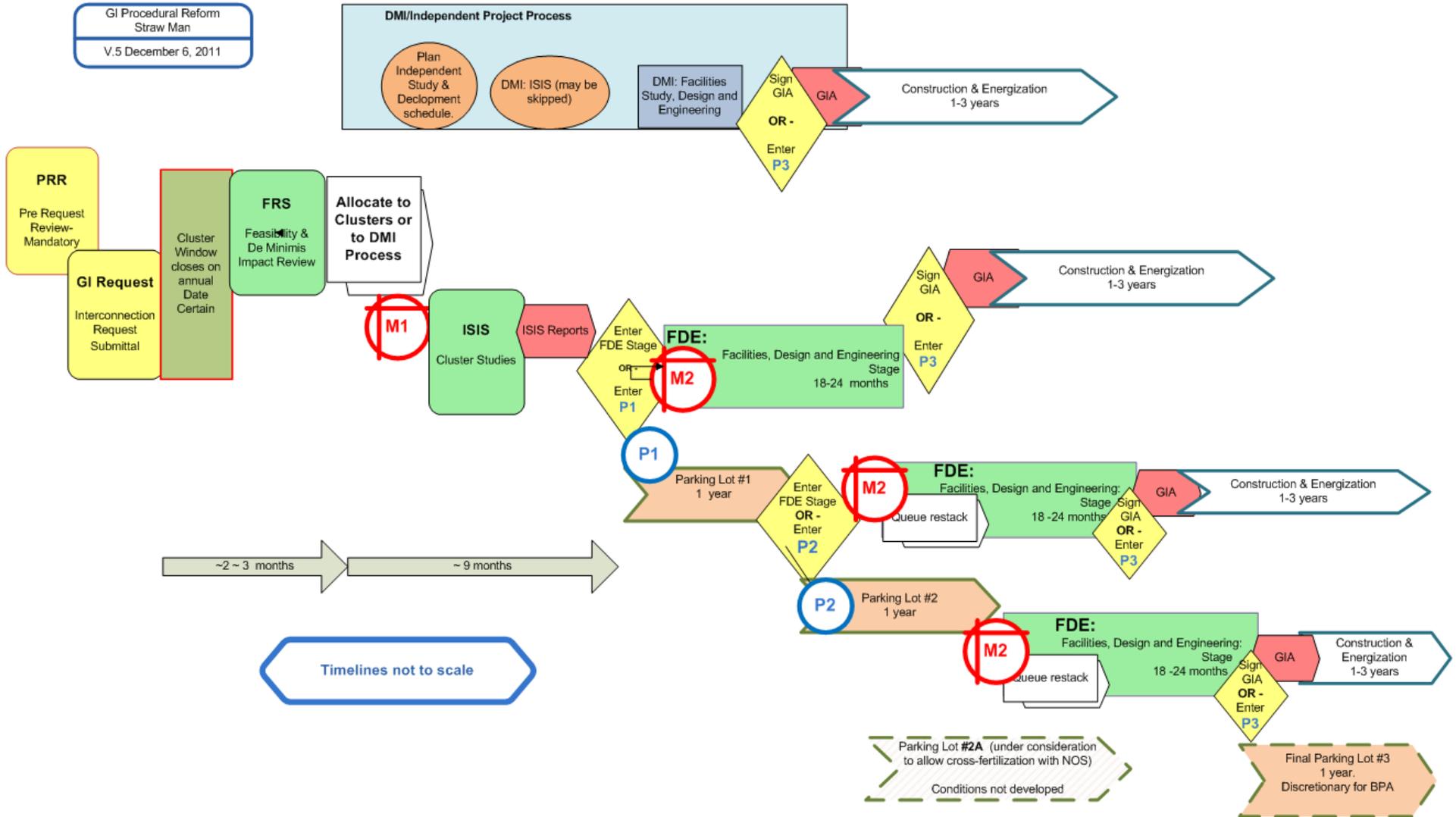
- The Pro-forma LGIP assumes that once studies are completed, the GI requestor will either sign an LGIA and proceed to build or withdraw, thus clearing the queue.
- As a federal agency, environmental review under NEPA must be completed before BPA can offer an LGIA. BPA relies on customer site permits to complete environmental review process and NEPA requirements. Customer delays in obtaining Site Permits has been an issue.
- The result since 2001:
 - **40 requests** (over 400 requests to date) have proceeded to design and construction (signed LGIA)
 - Many have withdrawn
 - **Over 7,700 MW** of requests are now in the queue without a signed LGIA and the backlog is growing each year
- Backlog increases difficulty doing next study (BPA planners must assume all previous requests in queue are on-line in studies)
 - 8 studies completed in 2010 and 15 in 2011
 - Backlog of earlier completed studies increasing work to do next study(s) with more uncertainty in proposed plan of service

Objectives of GI Queue Reform

- Ensure timely completion of customer site permitting to enable BPA to offer a LGIA (after completion of BPA's environmental review process).
- Offer a more definitive plan of service with more accurate study assumptions for customers who are ready to proceed. Allow them to move forward to fund and achieve interconnection (First Ready – First Served).
- Revise tariff to address BPA work plan process procedures
- 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.

Note: The December 2011 Straw man considered a wide variety of reforms. BPA is now focused on a narrow set of reforms to address these objectives.

Previous Draft Strawman Presented at the 12/6/11 Customer Meeting



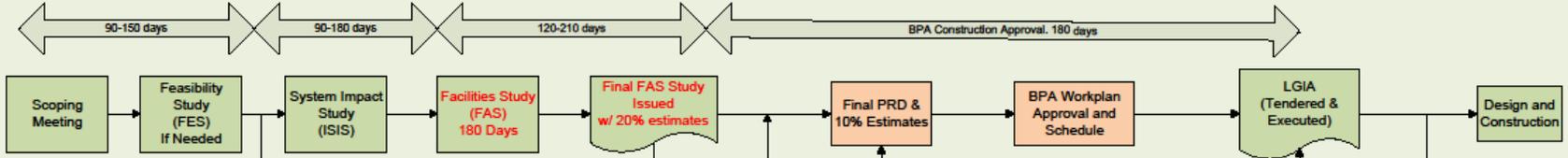
Potential GI Reforms Options

(Implement Changes to Address Queue Concerns Only)

- **Add Site Permitting Milestone to increase certainty of completing process:**
 - 18 months for project Site Permit (time begins when environmental study agreement is executed)
 - Add 1 year parking lot for GI requests unable to meet 18 month milestone
 - Requests lose original queue priority rights when assigned to parking lot
 - Parking Lot allows 1 year to complete site permits or be withdrawn
- **Add Shared Network Funding Provision**
 - Provides for a Pro-rata cost share of the network facility
 - Add “Late-comer” provision for all new and possibly existing requests
- **Revise the Suspension Provision to one year or less**
 - 3 yr. Suspension complicates planning assumptions
- **Document addition of BPA Work Plan process & modify Facility Study to 180 day duration with 20% accuracy estimates**

Large Generation Interconnection Process

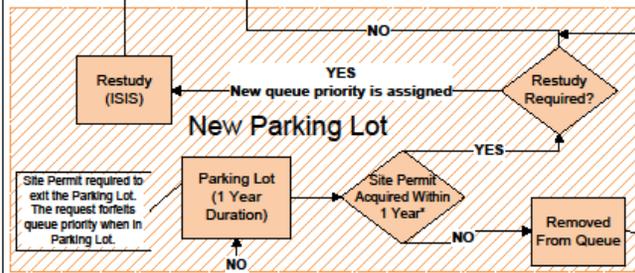
FOR INTERNAL USE ONLY



LEGEND	
New Process	Customer Deposits
Existing Process	Customer Process

Note: The SGIP will have similar Milestone Reforms

BPA Issues Environmental Study Agreement with 18 month notice



1 year LGIA Customer Optional Suspension

Suspension Duration: PRO FORMA: 3 years
FERC supports a smaller duration

LGIP Customer Milestones

The Site Permit Milestone is enforced after FAS completion. E.g Customer Site Permit due at the end of the 18 month clock OR at the time the Final FAS is issued if the 18 month clock is exceeded

Final Facilities Study (FAS)?

Site Permit?

NEPA Complete?

BPA Environmental Review Process

Environmental Study Agreement Executed

BPA ENVIRONMENTAL REVIEW PROCESS

BPA Issues Environmental Clearance

Milestone clock starts at execution of agreement

Environmental Clearance typically issued 90 days after site permit

Customer Permit Process

Customer submits Gen Request

Customer Begins Permit Process

18 Month Site Permit Milestone Clock

Site Permit Issued (State/ County)

PRO FORMA: 90 days after FAS issued, LGIA is executed. BPA: NEPA required before LGIA. NEPA is contingent on site permitting.

Customer Financial Obligations

\$10,000 Initial Deposit

\$10,000 FES Deposit

\$50,000 ISIS Deposit
\$10-50,000 NEPA

\$100,000 FAS Deposit

Determination of Pro Rata Share

Pro Rata Share of Facility will have a 5 year late come provision from date of energization

Payments for Interconnection (M \$)

June 21, 2012

Proposed Transition Plan Process

(For Requests with executed environmental study agreements)

- Addresses the stalled requests (over 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:
 - Customer to declare intent to complete process or withdraw.
 - For those declaring their intent to complete process:
 - 18 month timeline to complete site permits starts upon returned, signed letter.
 - If site permit is not completed within 18 months, the request will be put into a parking lot for 1 year
 - If site permit is not completed after one year in the parking lot, the request will be deemed “withdrawn”

GI Queue Reform Next Steps

- Comments on GI Queue proposal due July 20, 2012
 - Send comments to techforum@bpa.gov with “GI Queue Reform” in the subject heading

- Next stakeholder meeting on GI Queue reform anticipated in late summer

- Questions?