

PTSA Reform Update

December 5, 2012



Value Proposition Elements

- Starting at present value of contract
- Performance Assurance is a minimum
- Developed a draft methodology to calculate value of returned AFC
 - Based on MW of AFC posted and MW of AFC needed in the queue for each flowgate
- In limited case, developed a methodology to calculate value for avoided Generator Interconnection credits
- Allowed extension of service to provide additional value

PTSA Reform Summary of Completed Actions*

PTSA Reform Summary of Completed Actions		MW*	Current Status (as of 12/05/12)
Modifications Under Existing Policies			
a)	Customers have been able to proceed with POR/POD modifications under current policies.	400	Completed or processing contract actions underway.
Start Date Modification Proposals			
b)	Two customers requesting start date modification	1,300	Final decision not to proceed with contract start date modifications.
Other Proposals			
f)	One proposal regarding a PTSA for pending NT Service	100	Terminated per terms of the OATT (undesignated network resource)
g)	Proposal to terminate under unique terms of 2008 PTSA	120	PTSAs terminated based on unique conditions in the agreement.
h)	One customer may be seeking other considerations., one customer sought to terminate non-PTSA related service.	60	No PTSA reform action resulted.
Total MW for Completed Actions		1,980	
Total MW Remaining in PTSA Reform		1,395	(see next slide)

* MW amounts have been rounded

** These actions proceeded under BPA's posted business practices that are applicable to all customers.

Update to PTSA Reform Summary

PTSA Reform Summary of Customer Proposals		MW*	Current Status (updated 12/05/12)
Combination of Terminations and/or Redirect Proposals			
c)	One customer may be seeking either two-parent redirect and/or termination.	400	Negotiations proceeding. Introduced proposed redirect concepts for public comment previously. Awaiting approval to release offered term sheet.
d)	One customer may be seeking either two-parent redirect and/or termination.	200	Negotiations proceeding. Introducing proposed redirect concepts for public comment previously. Awaiting approval to release offered term sheet
e)	One customer exploring combination of conditional firm redirects and/or termination.	795	Negotiations proceeding. Nearing offer of term sheet, expected no later than mid-November.
Other Proposals			
	None remaining.		
Total MW Considered in PTSA Reform		1,395	

** MW amounts have been rounded*

What Might BPA Expect If We Retain the Status Quo?

- BPA believes that if we do not proceed with these modifications/terminations through PTSA reform, the most likely scenario is that parties will use their OATT deferral rights to retain the TSRs for five years and hope that the renewables market recovers in the meantime.
- If that is the case, that will mean that the AFC encumbered by these TSRs will be locked up from approximately 7 years (BE-K is not expected to be energized for two years, then use of deferral would begin).
- If defaults were to occur at that point, the AFC could remain encumbered for a period of time until circumstances in the legal proceedings resolved enough to enable release

PTSA Reform – Status and Next Steps

- Dec. 14 - End of public comment period for any term sheet(s) posted Nov 30
- Late December – BPA decision on term sheets
- No later than January 2013 – BPA announces final decision on each term sheet