

Commercial Infrastructure Planning and Queue Management

(ColumbiaGrid Briefing)
September 5, 2007

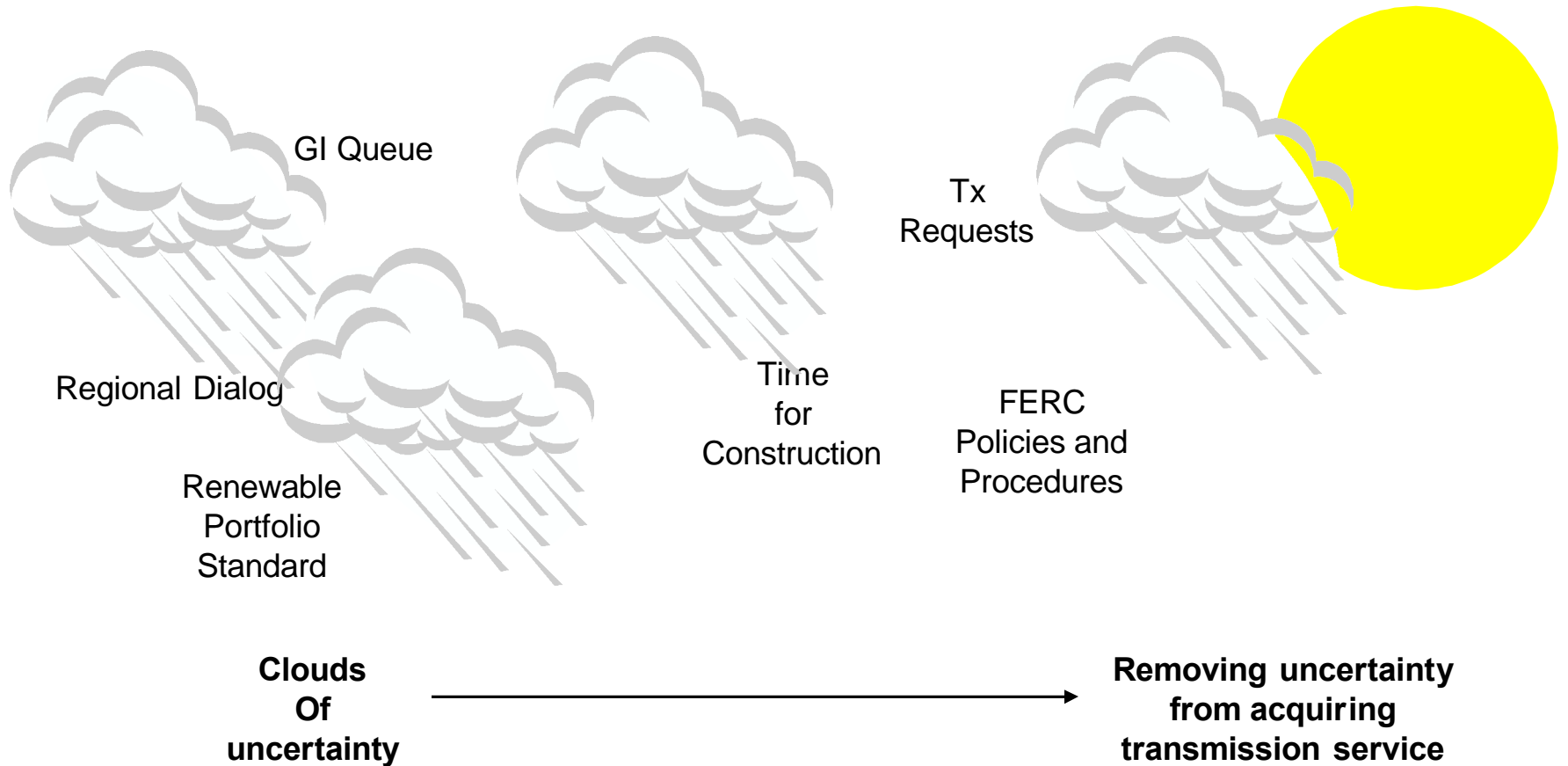


Commercial Infrastructure Expansion Planning

- ” Commercially adequate transmission system:
- . that is planned in a coordinated process to meet the needs of NW utilities;
 - . where availability of transmission capacity does not significantly limit resource choices and enables efficient markets;
 - . costs of new transmission infrastructure is shared by those that benefit; and offered at rolled-in rates whenever possible; and
 - . is consistent with or superior to the Tariff requirements.



Planning and Development Of New Transmission Infrastructure “The Lay of the Land”



Current Process - Problematic

- “ Deficient and Ineffective
 - . Backlog of Transmission Service Requests
 - . Sequential study process does not work
 - . Violation of Tariff study report and service of fering timelines
- “ Status quo not a viable option
 - . Detrimental to efficient development of infrastructure expansion
 - . Unresponsive to customer needs to obtain transmission services
 - “ Development of next generation resources
 - “ Meet future load needs
 - . Impede successful implementation of regional dialogue



Options Considered

“ Ineffective

- . To wait for a complete regional integrated resource plan
- . Unilaterally move forward with West of McNary and South of Paul reinforcement projects

“ Effective

- . Binding Network Open Season with Cluster Study
- . Non-Binding Open Season with Traditional Cluster Study
- . Targeted Open Season (Predefined Projects, i.e. McNary . John Day)



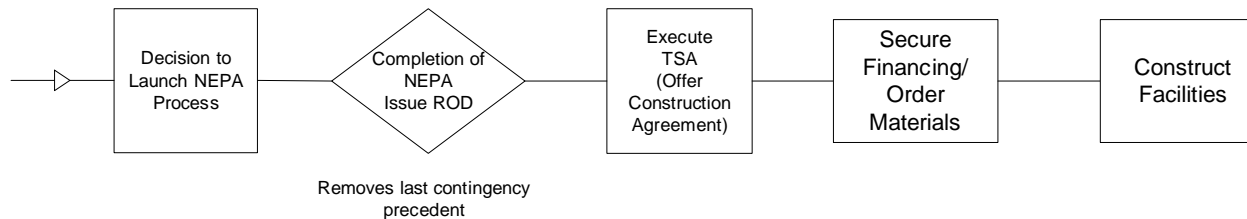
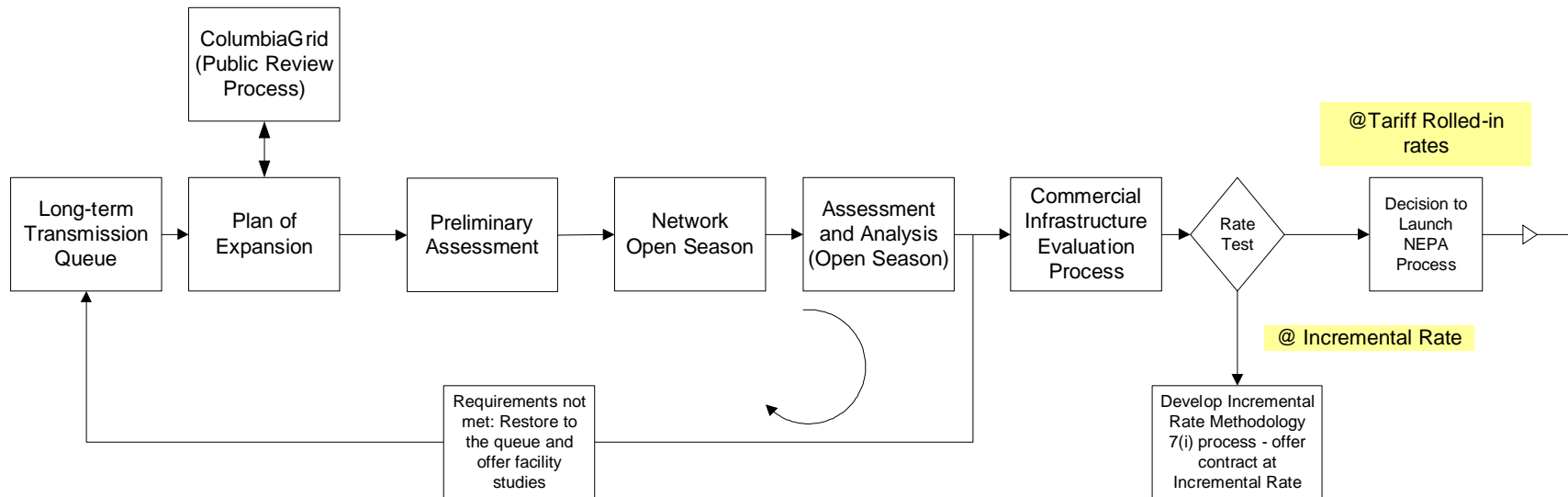
Preferred Approach

” Binding Network Open Season

- . The NOS provides a mechanism for the transmission provider to aggregate requests for transmission in order to develop a systematic plan of service to address the needs of all those requests.
 - ” Opportunity for all-comers to request and obtain transmission service on a dependable and a non-discriminatory basis
 - ” Process designed to aggregate service requests to support lumpy+capacity expansions
 - ” Rational Transmission Planning process (Committed generator transmission requests with future load growth demands)
- . The NOS provides for binding commitments from customers to take service which supports investments in needed infrastructure.



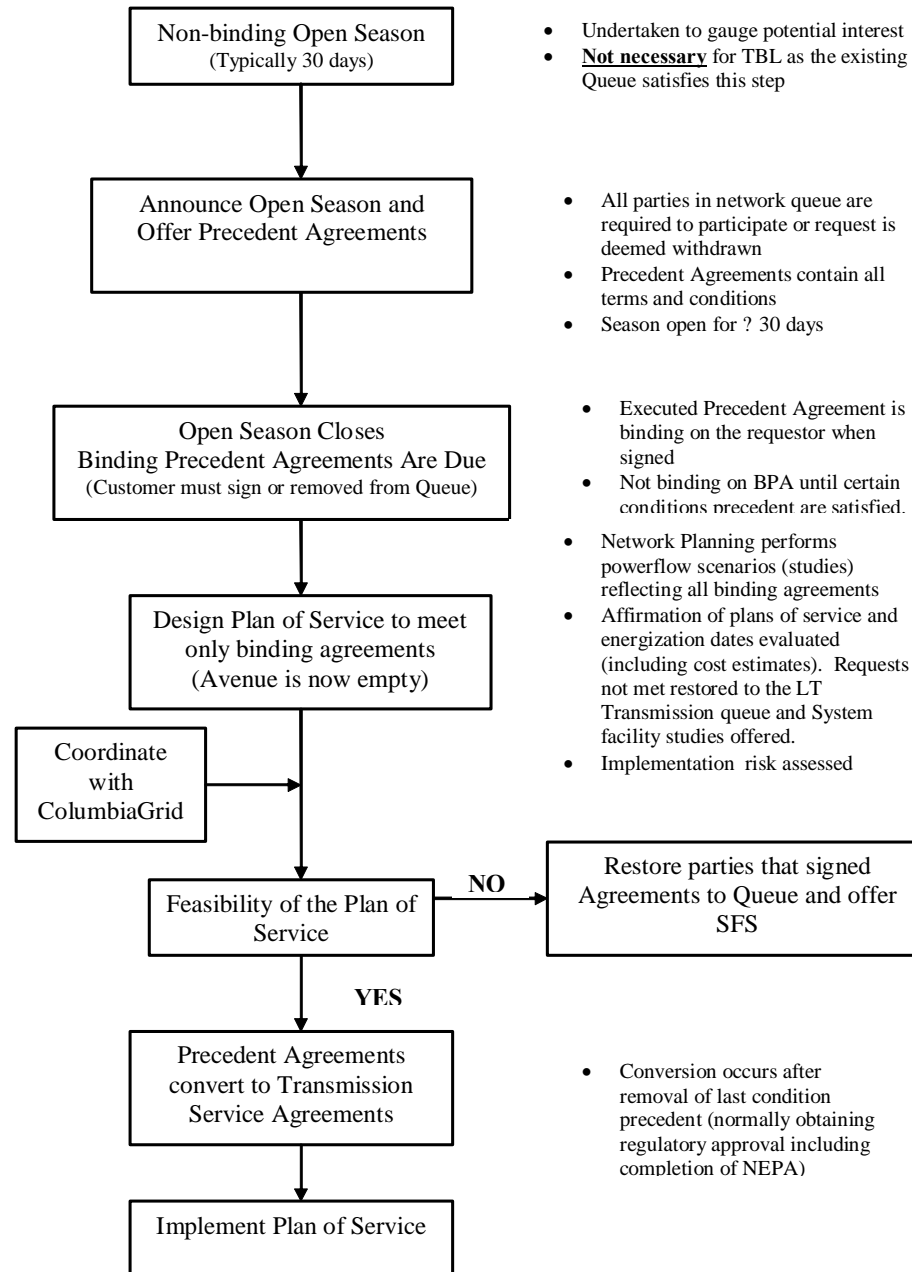
Process Map (Draft)



Network Open Season
 Process Map (Draft)
 Tuesday, August 21, 2007



NETWORK OPEN SEASON



- Undertaken to gauge potential interest
- **Not necessary** for TBL as the existing Queue satisfies this step

- All parties in network queue are required to participate or request is deemed withdrawn
- Precedent Agreements contain all terms and conditions
- Season open for ? 30 days

- Executed Precedent Agreement is binding on the requestor when signed
- Not binding on BPA until certain conditions precedent are satisfied.

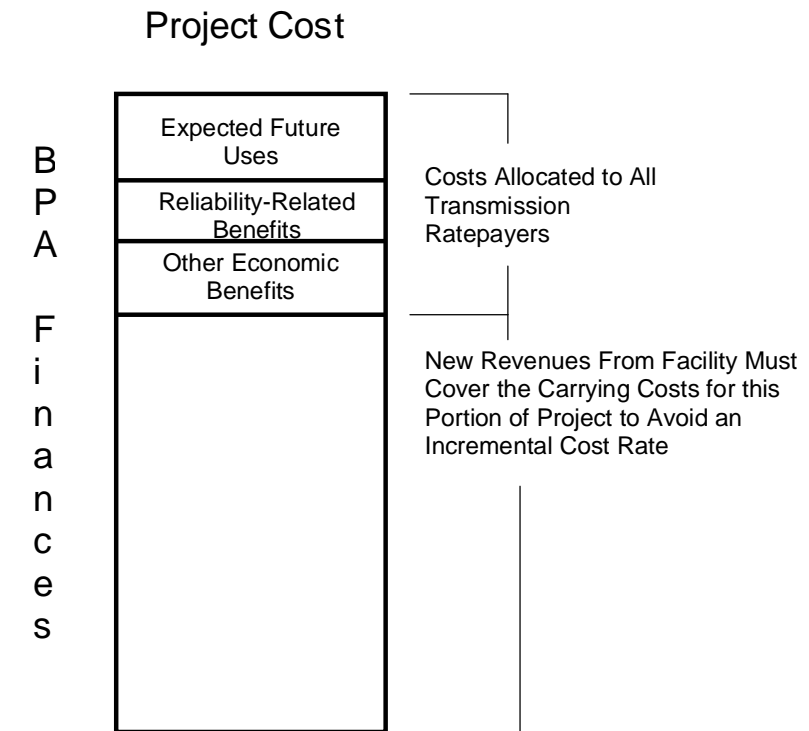
- Network Planning performs powerflow scenarios (studies) reflecting all binding agreements
- Affirmation of plans of service and energization dates evaluated (including cost estimates). Requests not met restored to the LT Transmission queue and System facility studies offered.
- Implementation risk assessed

- Conversion occurs after removal of last condition precedent (normally obtaining regulatory approval including completion of NEPA)



Commercial Infrastructure Policy (BPA's Cost Recovery)

- “ Allocate project costs for revenue recovery
- “ BPA obtain financing for the entire cost of the project
 - . Allocation of costs for facilities solely within BPA's footprint
- “ Metrics to evaluate each category under development



Next Steps

- “ Continue internal and external dialogue with vested parties
 - . Identify and address issues
 - . Develop mitigation plan to minimize risk
- “ Formulate proposal and meet with FERC staff
 - . Explain the current situation and problems with current approach
 - . Describe the proposed NOS approach
 - . Solicit FERC guidance and feedback
 - . Refine proposal
- “ Identify and prepare any required tariff modifications
- “ Develop implementation plan

