

Workshop: B2H w/ Transfer Service Term Sheet & Business Case

February 8th 2022



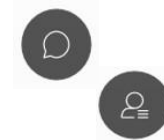
Welcome to the SILS: B2H with Transfer Service Workshop

The meeting will begin momentarily

- When joining the Event, enter your name and email address where indicated so your name is visible in the Participant window to the meeting host
- Use the “Call Me using phone” (recommended) or “Use computer audio” for your Audio connection to the meeting
- Once in the meeting, open both the Participant and Chat windows for interacting with panelist and seeing your meeting status

Meeting Participation and How to Ask Questions:

- After you join the WebEx Event, you will not be able to unmute yourself or share your video/webcam unless the presenter makes you a panelist.
- **To be recognized for asking a question:**
 1. Use the Chat option to send a question request to “Everyone”
 2. Or use the “Raise your Hand” option to signal you have a question
- The Host/Panelists will monitor these actions and unmute or move you to “Panelist Status” and then call on you to ask a question.
- When finished the Host will re-mute or move you back to Attendee status. Please remember to re-mute and lower your hand when done speaking.



Welcome

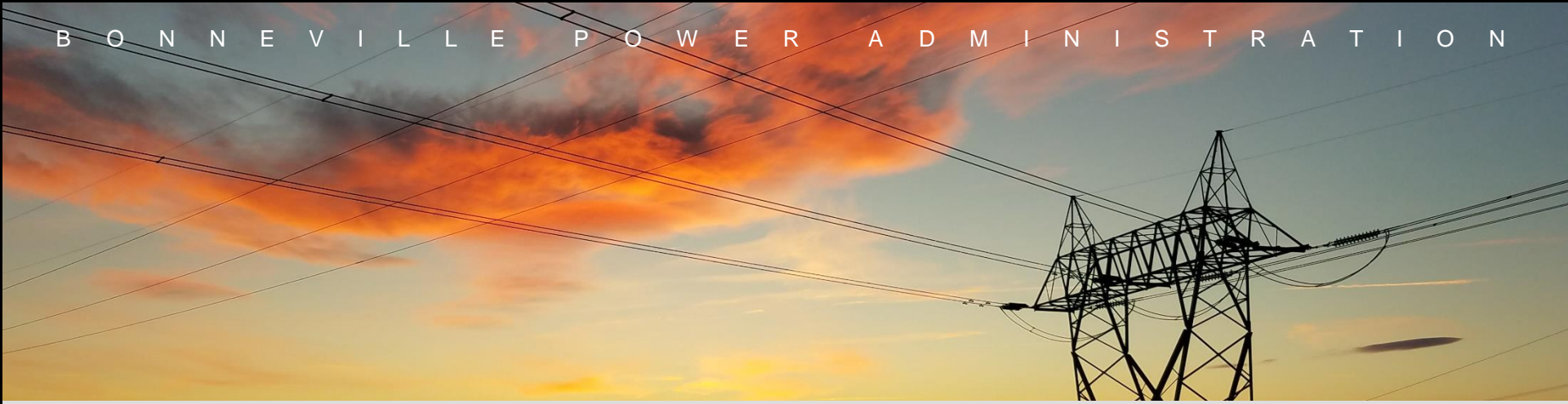
- Safety
- Workshop instructions (WebEx)
- Introductions

Agenda

- Introductions and Agenda Review
- Executive Overview
- Background and Context
- Term Sheet Overview
 - NITS OATT Service across Idaho
 - Security Agreement, Transfer of Permitting Interest, Business Case
 - Longhorn Substation
 - PacifiCorp Transmission Service
- Q & A
- Next steps

Executive Overview

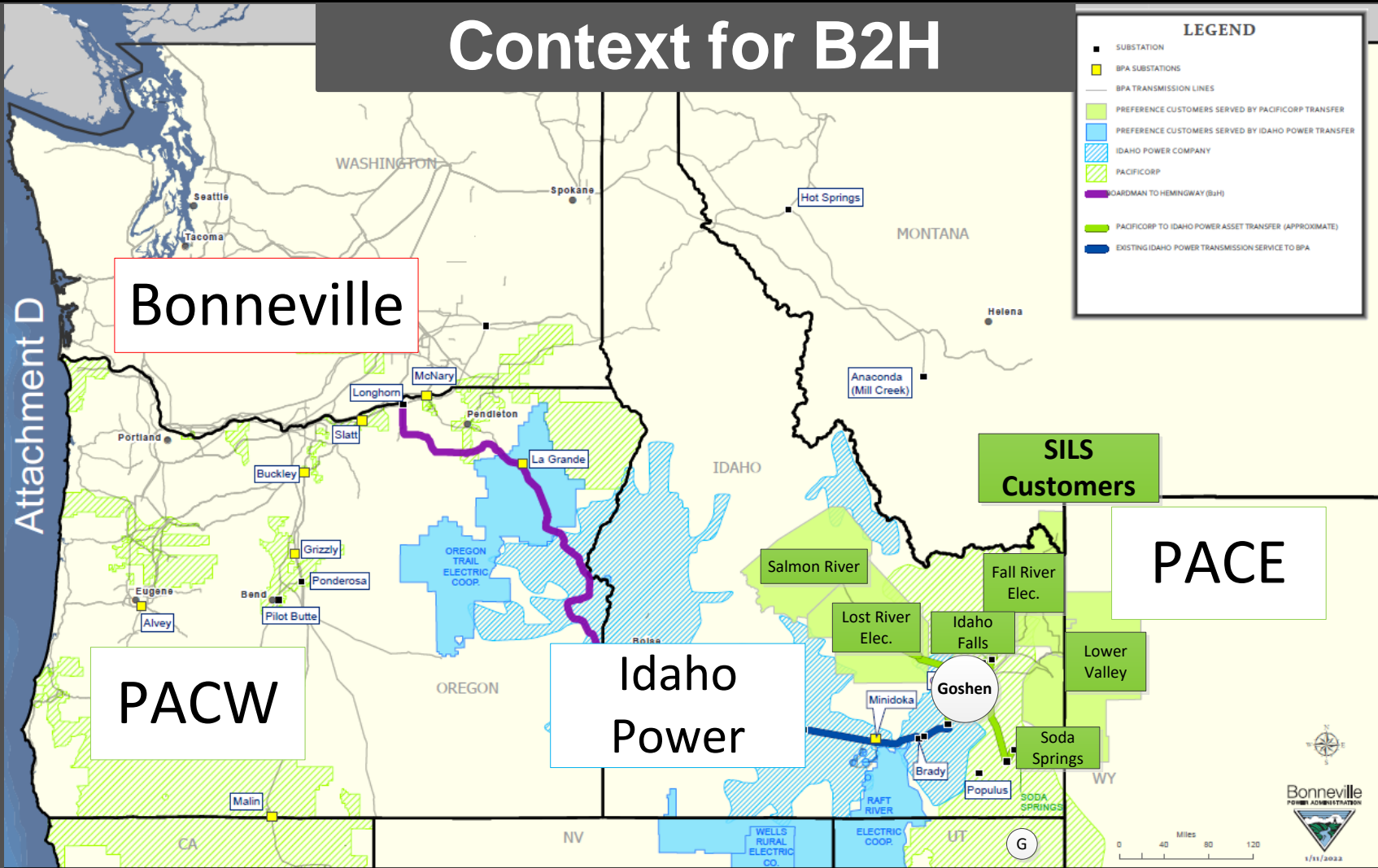
- BPA's overarching goal
 - To secure a long-term, cost effective and reliable solution for meeting contractual obligations for delivering firm federal power to public power customers in Southeast Idaho (SILS customers).
- Goal for today
 - Build understanding of status, rationale, and remaining decisions and work.
 - Solicit comments to inform BPA's impending decisions.
 - Submit initial feedback and comments on the Term Sheet to BPA by March 7.
- Today's discussion: an important milestone in a long journey; not a final action.



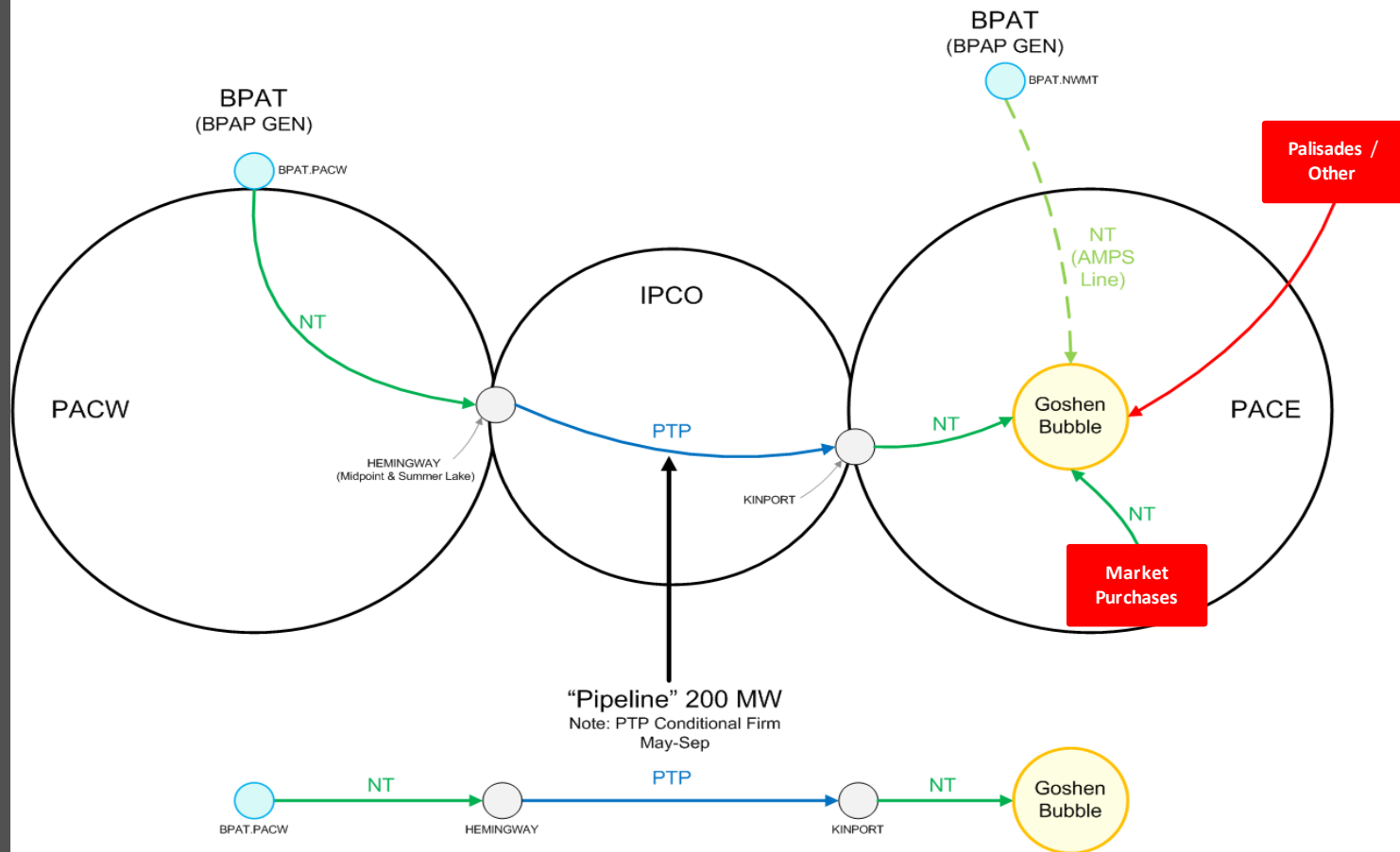
Background and Context



Context for B2H



Current Load Service

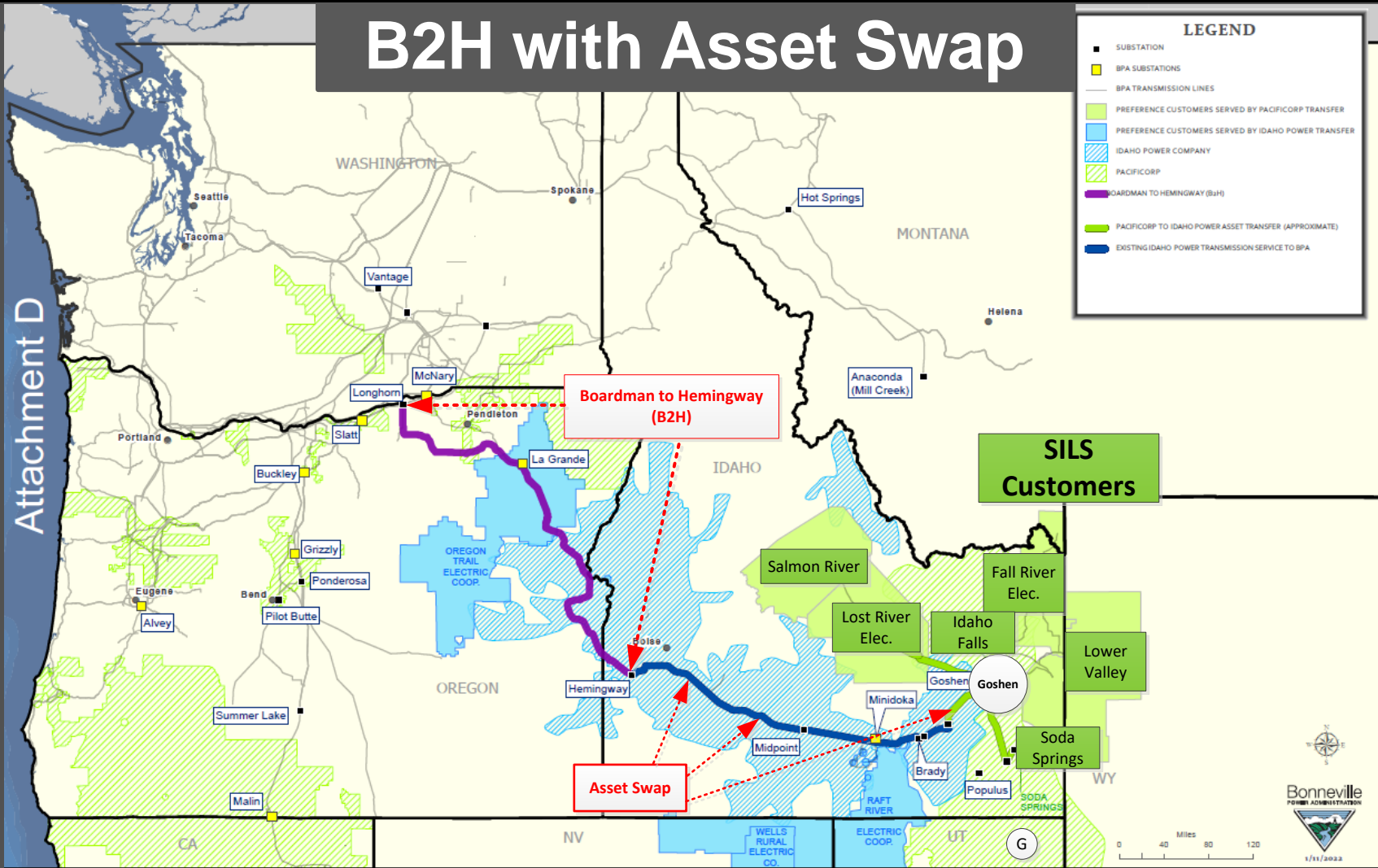


B2H with Asset Swap

Attachment D

LEGEND

- SUBSTATION
- BPA SUBSTATIONS
- BPA TRANSMISSION LINES
- ▨ PREFERENCE CUSTOMERS SERVED BY PACIFICORP TRANSFER
- ▨ PREFERENCE CUSTOMERS SERVED BY IDAHO POWER TRANSFER
- ▨ IDAHO POWER COMPANY
- ▨ PACIFICORP
- ▨ BOARDMAN TO HEMINGWAY (B2H)
- ▨ PACIFICORP TO IDAHO POWER ASSET TRANSFER (APPROXIMATE)
- ▨ EXISTING IDAHO POWER TRANSMISSION SERVICE TO BPA



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New Proposal: B2H with Transfer Service

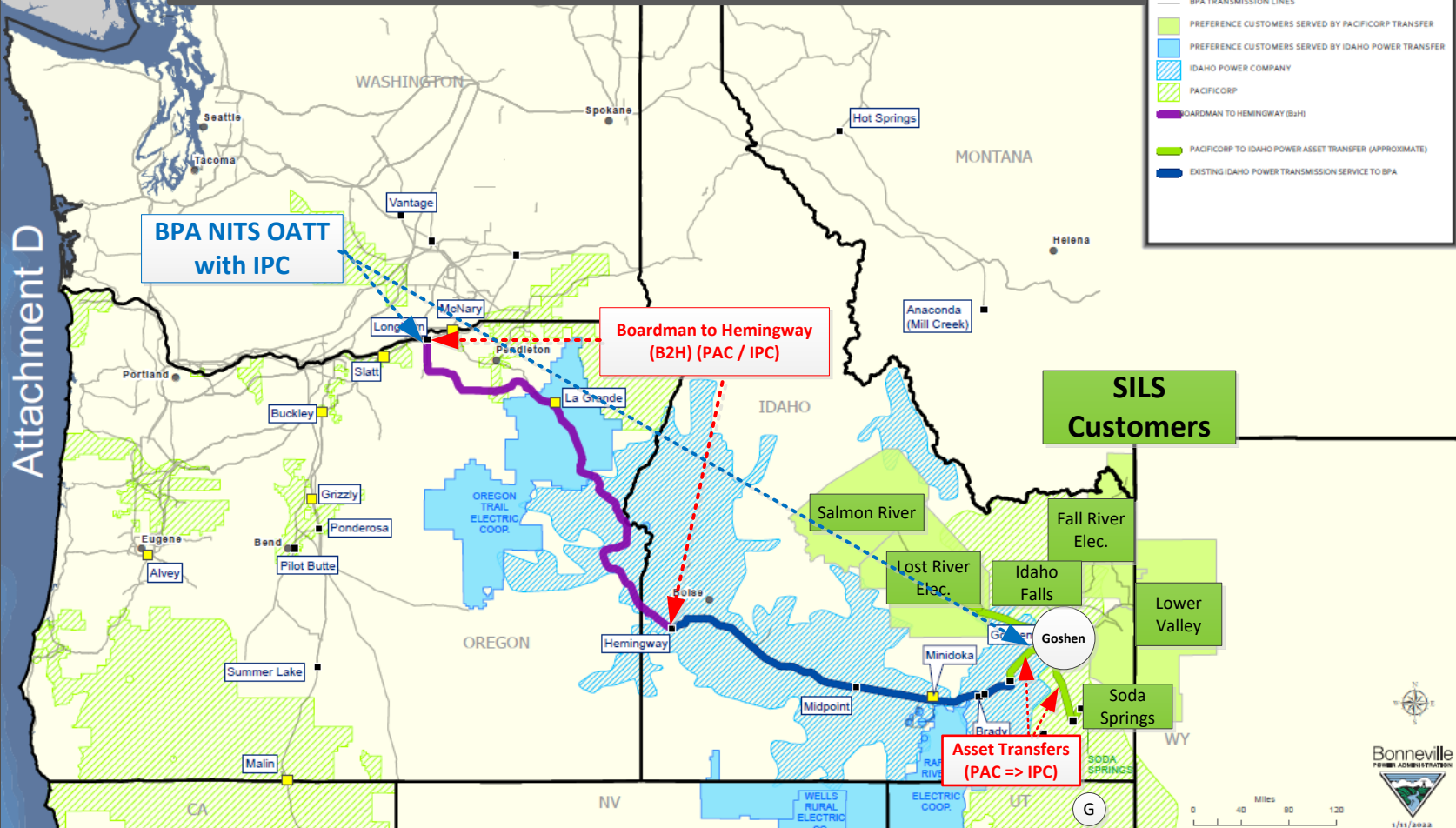
- BPA would transfer its permitting interest in the project to Idaho Power. It does not intend to construct or own B2H.
- PacifiCorp and Idaho Power would transfer assets between each other.
 - All SILS customers' loads would be on Idaho Power's transmission system. (i.e. one wheel for BPA).
- BPA acquires NITS OATT service from Idaho Power to serve SILS customers' loads.
- BPA, PacifiCorp, and Idaho agree to various other transmission upgrades and arrangements.

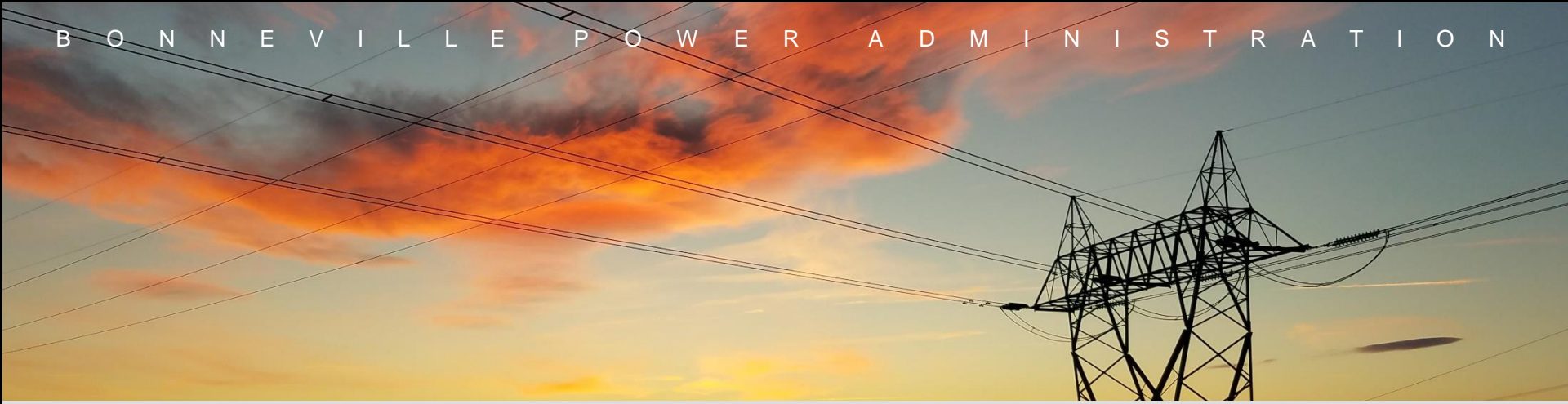
B2H with Transfer Service

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Term Sheet



NITS Agreement / NITS Security Agreement / Transfer of Permitting Interest Agreement

Term Sheet

sections 3(a)7, 3(a)3, 3(b)1, 3(b)2, 3(b)3.



NITS Service for SILS Customers in Idaho (BPA and IPC)

- SILS customers on Idaho Power's transmission system.
 - PacifiCorp and Idaho Power would transfer assets so that BPA's SILS customers would be served on Idaho Power's transmission system. Term Sheet 3(a)7.
 - SILS customers would be one wheel away from BPA.
- BPA would enter into two 20-year NITS agreements with Idaho Power for service to SILS customers. Term Sheet 3(b)1.
- BPA would terminate its existing NITS agreements with PacifiCorp once B2H is built and service commences under the Idaho NITS agreements. Term Sheet 3(a)3.
- The Idaho Power NITS agreements assignable.
 - The NITS agreements with Idaho Power would be assignable to BPA's SILS customers, provided customers meet security requirements. Term Sheet 3(b)1.

Security Agreement (BPA and IPC)

- The NITS Security Agreement commits BPA to contribute an additional \$10m upon execution of the package of agreements.
- This \$10m would be added to the \$25-26m of funding contributions already incurred by BPA through permitting costs. Term Sheet 3(b)2.
- If B2H is built then BPA is reimbursed in full, including interest
 - BPA's total contribution towards B2H (\$35-36m) would be repaid to BPA by Idaho Power, with repayment beginning in year 11 of the 20 year NITS agreements and continuing until end of agreements. Term Sheet 3(b)2.
 - Interest on the BPA contribution would accrue upon energization of B2H. Idaho Power could make a lump-sum payment to BPA at anytime. Term Sheet 3(b)2.

Security Agreement (Cont'd)

- The NITS Security Agreement also addresses the risk backstop for B2H construction risk.
- If B2H is not built because Idaho Power does not receive **all permits** or **regulatory** approvals, then:
 - Idaho Power would repay to BPA its \$10m contribution. Term Sheet 3(b)(2).
 - BPA would reimburse Idaho Power for pre-construction and permitting costs Idaho Power incurred associated with a 24.24% share of B2H. Term Sheet 3(b)2.
- If Idaho Power does not proceed with B2H for other reasons, then:
 - Idaho Power would repay to BPA its \$10m contribution, attempt to sell the B2H permitting rights, and pay to BPA a pro rata portion of the proceeds of such sale. Term Sheet 3(b)2

Permitting Transfer Agreement

- BPA would transfer its permitting interest to Idaho Power. Term Sheet 3(b)3.
- Transfer would occur concurrently with signing of the NITS agreement and Security Agreement.
- Idaho Power would be responsible for 45% of future permitting costs and pre-construction costs. Term Sheet 3(b)3.

Business Case Summary

- BPA completed a business case with the goal of achieving a more cost effective and reliable solution for meeting current contractual obligations for delivering firm federal power to public power customers in Southern Idaho.
- The business case examined multiple options over a 30 year period to determine the option which best achieved the goals of reliability and cost effectiveness.
- Proceeding with B2H with Transfer Service proposal provides substantial benefits compared to Status Quo.
- The benefits are estimated at 35% - 52% improvement in net present value over the Status Quo.

Longhorn Substation and PacifiCorp Transmission Service

Term Sheet

Sections 3.a.1.I, 3.a.1.II

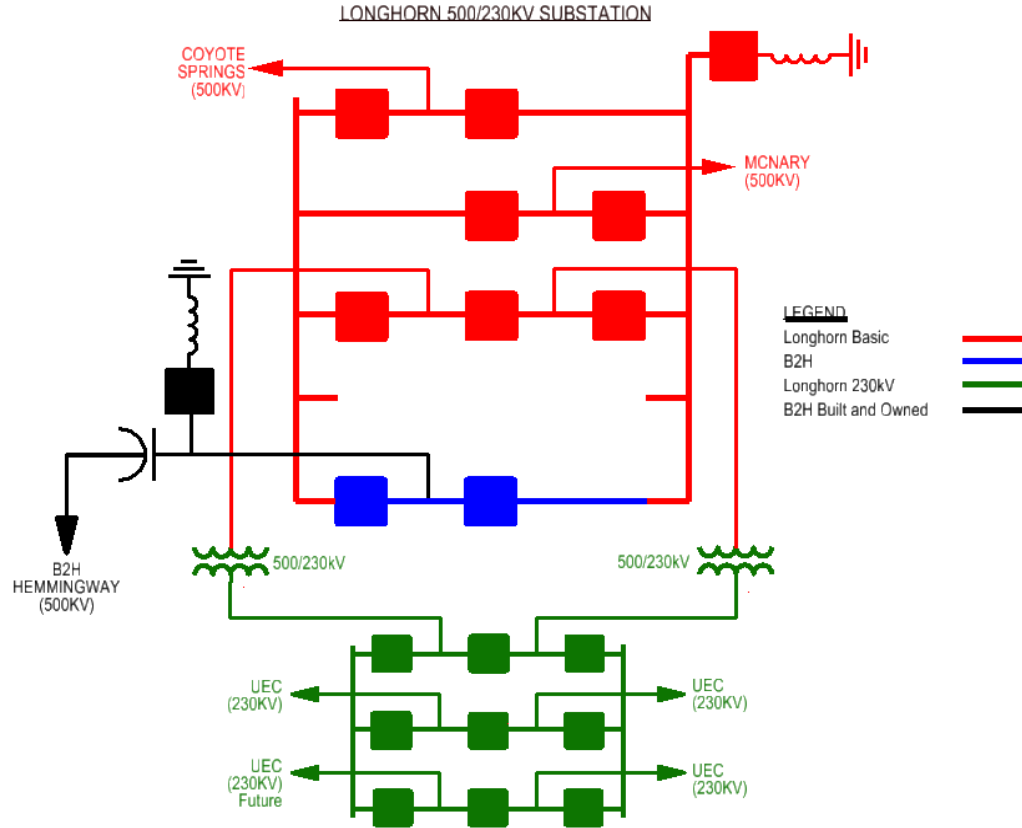


Proposed Longhorn Substation

(500kV & 230kV)



Proposed Longhorn Substation (500kV & 230kV)



B2H interconnection to proposed Longhorn Substation

- B2H interconnection would add facilities (Shown in blue and black on “One Line” slide)
- New Interconnection Cost w/Line Terminal
 - direct assigned to B2H owners
 - B2H built, owned, operated and maintained and O&M
 - financed by PacifiCorp/Idaho Power subject to transmission credits
- Plus, ~\$59M of the base Longhorn costs
 - PacifiCorp 55%
 - Idaho Power 21%
 - BPA 24%

PacifiCorp Transmission Service §3.a.1

- PacifiCorp seeks durable and long-term transmission access to serve its central Oregon load in return for transferring Goshen-area transmission assets to Idaho Power
- BPA would evaluate converting grandfathered transmission service to OATT service upon B2H/Midline Series Capacitor energization, or later (*Term Sheet §3.a.1.I*)
 - Converts legacy pre-OATT Midpoint-Meridian Agreement scheduling rights to OATT PTP service
 - May include merging legacy rights with redirecting existing PacifiCorp PTP service; PacifiCorp pays PTP rate for service
 - Evaluation considerations include: comply with OATT/Business Practice/policy requirements (e.g. ATC impacts); preserve existing rights for transmission customers and NWACI partners; meet reliability and regulatory requirements

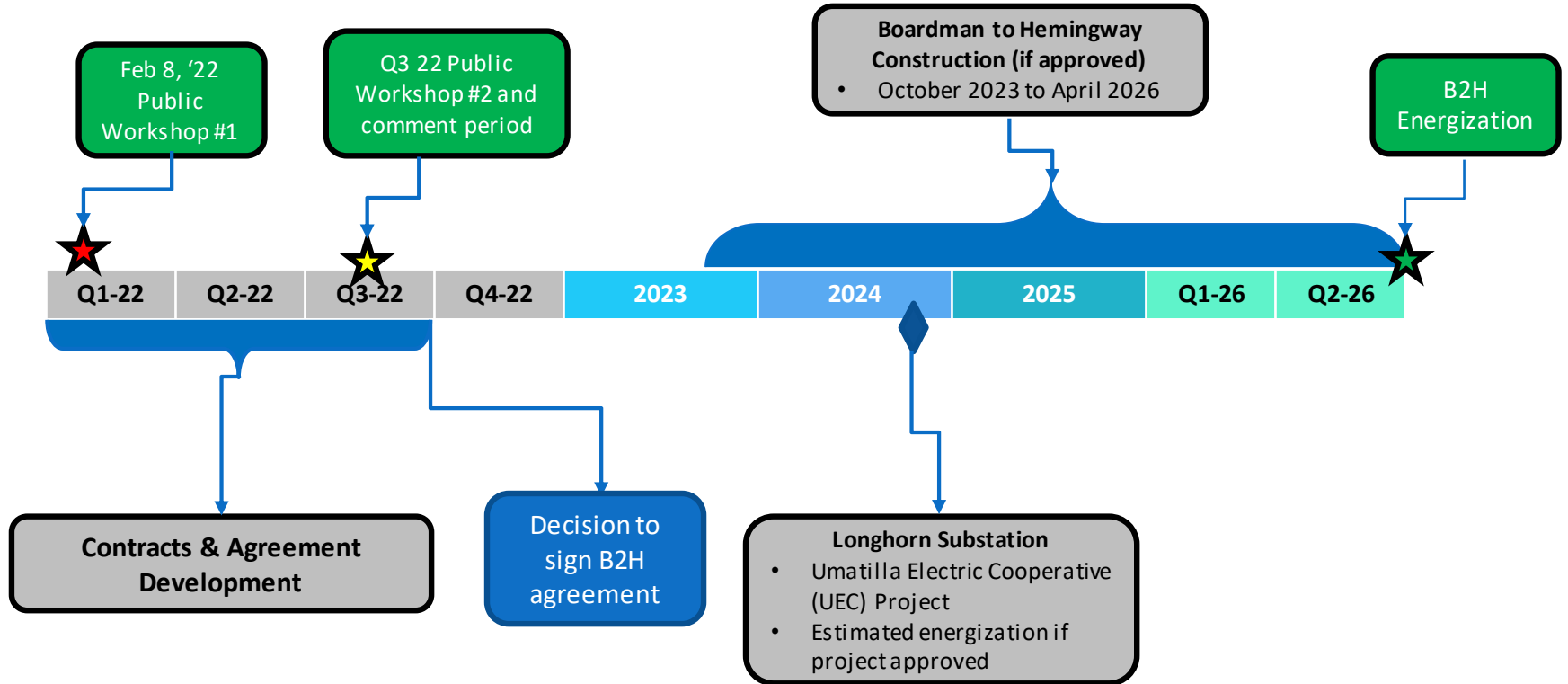
PacifiCorp Transmission Service, cont.

- If BPA cannot offer OATT service upon B2H/Midline Series Capacitor energization, BPA will allow PAC to schedule 340 MW from Buckley to Ponderosa and concurrently schedule 340 MW from Ponderosa to Buckley (concurrent bidirectional scheduling rights) until BPA can offer OATT service (*Term Sheet §3.a.1.II*)
 - Extends Midpoint-Meridian Agreement scheduling rights, subject to 340 MW scheduling and flow limits in N>S and S>N directions
 - Requires predetermined sources, source-to-sink E-Tags, control center software updates, agreement to associated operating terms, PTDF calculator tools, and Goshen asset exchange completion
- Agreement on Principles and Timelines
 - PAC and BPA will negotiate and execute an agreement to reflect the objectives, commitments, principles, conditions, and timelines, including negotiation of applicable follow-on agreements for the PTP service and concurrent bidirectional scheduling rights described above.

Q&A

- Questions?

SILS Timeline – High Level



Getting Involved

- Workshop and Public Comment Period
 - Comments from this workshop are due by 3/07/22
 - Please visit [Public Comments \(bpa.gov\)](https://bpa.gov) to submit them
- Reach out to your Account Executive