

TC-26 SETTLEMENT AGREEMENT

Bonneville Power Administration TC-26 Tariff Terms and Conditions Proceeding

THIS TC-26 SETTLEMENT AGREEMENT (“Agreement” or “TC-26 Settlement Agreement”) is among the Bonneville Power Administration (“Bonneville”) and parties to the TC-26 Tariff Terms and Conditions proceeding (“TC-26 proceeding”) as provided for in section 4 of this Agreement (such parties in the singular, “Party,” in the plural, “Parties”).

The Parties therefore agree as follows:

1. This Agreement, which includes Appendices 1 and 2, documents the terms of settlement and settles all issues within the scope of the TC-26 proceeding. Appendix 1 describes the modifications reflected in the Tariff, which is in Appendix 2, and other related commitments.
2. Bonneville staff will file this Agreement in the TC-26 proceeding and recommend that the Administrator adopt a proposal to establish a Tariff providing the terms and conditions for transmission and interconnection service as specified in this Agreement.
3. The terms of this TC-26 Settlement Agreement are intended to be a part of a settlement package that also includes the BP-26 Partial Rates Settlement Agreement and settlement of all issues related to the proposed Generator Interconnection Withdrawal Charge in the BP-26 Proceeding (“BP-26 Partial Rates Settlement Agreement”). As a condition to this TC-26 Settlement Agreement, the Parties agree not to contest the terms of the BP-26 Partial Rates Settlement Agreement.
4. Bonneville will move the Hearing Officer in the TC-26 proceeding to (a) require any party in the proceeding that does not sign the Agreement to state any objection to the Agreement, including the specific issues in the Agreement that such party objects to, by the date established by the Hearing Officer; (b) specify that any party in the proceeding that does not state an objection to the Agreement by such date will waive its rights to preserve any objections to the Agreement and will be deemed to assent to the Agreement; and (c) if no party in the proceeding objects to the Agreement, enter the Agreement into the TC-26 record and issue a decision recommending that the Administrator adopt the Agreement.
5. If, in response to the Hearing Officer’s order made pursuant to section 3, any party in the TC-26 proceeding objects to the Agreement, Bonneville and any Party to this Agreement will have two business days from the date of the objection to withdraw its assent to the Agreement. If Bonneville or any Party to this Agreement withdraws its assent to the Agreement, Bonneville will promptly schedule a meeting with the

Parties to discuss how to proceed. Bonneville will provide notice of the meeting and the opportunity to participate for parties in the TC-26 proceeding. Following the meeting, Bonneville will notify the Hearing Officer whether Bonneville and any Parties will continue with the Agreement.

6. If any party to the BP-26 rate proceeding objects to the BP-26 Partial Rates Settlement Agreement, Bonneville will promptly notify the Parties to this TC-26 Settlement Agreement by email and any Party Agreement will have two business days from the date of the objection in the BP-26 rate proceeding to withdraw its assent to this TC-26 Settlement Agreement. If Bonneville or any Party to this TC-26 Settlement Agreement withdraws its assent to the TC-26 Settlement Agreement, Bonneville will promptly schedule a meeting with the Parties to discuss how to proceed. Bonneville will provide notice of the meeting and the opportunity to participate to parties in the TC-26 proceeding. Following the meeting, Bonneville will notify the Hearing Officer whether Bonneville and any Parties will continue with the TC-26 Settlement Agreement.
7. If the Administrator adopts the Agreement in the Final Record of Decision, the Tariff in Appendix 2 will supersede and replace Bonneville's current Tariff in its entirety effective on October 1, 2025. If the Administrator does not adopt the Agreement in the Final Record of Decision, the Agreement will be void *ab initio*.
8. If the Administrator adopts the Agreement in the Final Record of Decision, the Parties shall not contest the Agreement either before the Federal Energy Regulatory Commission, the U.S. Court of Federal Claims, the U.S. Court of Appeals for the Ninth Circuit, or any other judicial or administrative forum. Bonneville and the Parties agree not to support or join any litigation which would seek to change the terms of this Agreement, including documents explicitly incorporated by reference, except as specified in section 11, Reservation of Rights.
9. Preservation of Settlement Proposal. The Parties shall not contest this TC-26 Settlement Agreement in the TC-26 proceeding, BP-26 rate proceeding, or any other forum, or the implementation of this Agreement pursuant to its terms. The Parties agree to waive their rights to file direct or rebuttal testimony, submit data requests, conduct cross examination, or file briefs in the TC-26 proceeding with respect to any issue within the scope of the Agreement, except in response to issues raised by any party in the TC-26 proceeding that objects to this Agreement in response to the Hearing Officer's order made pursuant to section 3.
10. Statements Not Admissible as Evidence. Conduct, statements, and documents disclosed in the negotiation of this TC-26 Settlement Agreement and the BP-26 Partial Rates Settlement Agreement will not be admissible as evidence in the TC-26 proceeding, BP-26 rate proceeding, any other proceeding, or any other judicial or administrative forum.

11. Reservation of Rights

- a. Except as provided in section 9 above, no Party waives any of its rights- under Bonneville's enabling statutes, the Federal Power Act, or other applicable law- to pursue dispute resolution procedures consistent with Bonneville's Tariff, or to pursue any claim that a particular term, condition, charge, methodology, practice, or rate schedule for transmission or interconnection service, has been improperly implemented. No Party waives any of its rights under such Party's open access transmission tariff.
 - b. Nothing in this Agreement is intended in any way to alter or limit the Administrator's authority and responsibility to periodically review and revise the Administrator's rates and terms and conditions for transmission and interconnection service pursuant to the requirements in the Tariff, including Bonneville's ability to initiate a tariff proceeding and adopt tariff modifications before September 30, 2028. The Parties reserve the right to respond during the term of the Agreement, as specified in section 12, Term and Termination, to any revisions to rates proposed in a rate proceeding or new or modified tariff terms and conditions proposed in a tariff proceeding initiated pursuant to the requirements in the Tariff, and to any filings, protests, or claims, by Bonneville or others; however the Parties will not support a challenge to any terms and conditions set forth in this Agreement.
 - c. No Precedential Value. Bonneville and the Parties acknowledge that this Agreement reflects a compromise in their positions with respect to the issues within the scope of the Agreement, and that acceptance of the settlement does not create or imply any agreement with any position of Bonneville or any other Party. The Parties agree and represent that neither this Agreement nor any decision of the Administrator approving the same shall constitute or be cited as precedent or deemed an admission by any Party in any other proceeding except as necessary to enforce its terms before Bonneville or any forum of competent jurisdiction.
12. Term and Termination. Unless this Agreement terminates pursuant to section 7 above, this Agreement will continue in effect until September 30, 2028, except for sections 8, 10, 11 and Appendix 2, which shall survive this Agreement in accordance with their provisions.
13. Appendices. Appendix 1: Terms and Appendix 2: Bonneville's Open Access Transmission Tariff are made part of this Agreement.
14. Execution in Counterparts. This Agreement may be executed in counterparts each of which is an original and all of which, taken together, constitute one and the same instrument.

APPENDICES

Appendix 1: Terms

Appendix 2: Bonneville's Open Access Transmission Tariff

Appendix 1: Terms

1. **Terms Applicable to the TC-26 Proceeding.** In the TC-26 Proceeding, Bonneville staff will file and recommend the following revisions to Bonneville's Open Access Transmission Tariff (Tariff).
 - a. **Tariff Section 2.2.** Bonneville will revise Section 2.2 to allow existing firm service customers who requested a term of five years or more to have the right to continue taking transmission service from Bonneville when the customer's contract expires, rolls over or is renewed. Section 2.2 language is included in the Tariff provided in Appendix 2 of this Agreement.
 - b. **Tariff Section 4.** Bonneville will revise Section 4 to align with the current Attachment C, Methodology to Assess Available Transfer Capability, in regard to how Bonneville calculates Available Transfer Capability (ATC) and the Total Transfer Capability (TTC) for ATC paths. Section 4 language is included in the Tariff provided in Appendix 2 of this Agreement.
 - c. **Tariff Schedule 9E, Generator Imbalance Service.** Bonneville will revise Schedule 9E of the Tariff, Generator Imbalance Service, to allow for the recovery of Non-EIM Balancing Costs. Section 9E is included in the Tariff provided in Appendix 2 of this Agreement.
 - d. **Tariff Schedule 11, Real Power Loss Calculation.** Bonneville will revise Schedule 11 of the Tariff, Real Power Loss Calculation, to update the Summer and Non-Summer loss factor percentages in the Network Loss Factors table. Schedule 11 is included in the Tariff in Appendix 2 of this Agreement.
 - e. **Tariff Attachment A, Form Of Service Agreement For Firm Point-To-Point Transmission Service.** Bonneville will revise Attachment A, Form Of Service Agreement For Point-To-Point Transmission Service, to update references to exhibits for consistency within the attachment and to add Exhibit F, Specifications for Conditional Firm Point-To-Point Transmission Service. Attachment A is included in the Tariff in Appendix 2 of this Agreement.
 - f. **Tariff Attachment L, Large Generator Interconnection Procedures (LGIP).**
 - i. Bonneville will revise Attachment L, Standard Large Generator Interconnection Procedures (LGIP), including Standard Large Generator Interconnection Agreement (LGIA), to make ministerial updates to grammar and formatting of language in Sections 1, 3.4.1, 4.2.3(a), 4.2.3(b), 4.2.4, 4.4, 6.4, 6.6.3, 6.7(e), 7.1.1, 7.3, 7.5.3, 7.6(c),

For Settlement Purposes Only

7.6(f), and 13.1.8 of the LGIP. Sections updated in Attachment L are included in the Tariff provided in Appendix 2 of this Agreement.

- ii. Bonneville will add Appendix 5, Standard Large Generator Interconnection Agreement (LGIA), to Attachment L. Appendix 5 of Attachment L is included in the Tariff provided in Appendix 2 of this Agreement.
- iii. Bonneville will revise Section 3.7 and add Section 3.7.1 and definition of “Withdrawal Charge” to Section 1 to Attachment L in order to establish that Interconnection Customers may be subject to a Withdrawal Charge. Sections updated in Attachment L are included in the Tariff in Appendix 2 of this Agreement.

g. Tariff Attachment R, Large Generator Interconnection Transition Process.

- i. Bonneville will revise Attachment R, Large Generator Interconnection Transition Process, including Large Generator Interconnection Agreement for Non-Clustered Transition Requests (LGIA), to make ministerial updates to grammar and formatting of language in Sections 1.4.1, 1.4.1(a), 2.1.2(b), 2.1.2(g), 3.2.1(b), 3.2.1(g), 3.3.1(f), 4.2, and 4.6. Sections updated in Attachment R are included in the Tariff in Appendix 2 of this Agreement.
- ii. Bonneville will revise Sections 1.1 and 4.8 of Attachment R to specify the applicability of a Withdrawal Charge to Interconnection Customers participating in the Transition Process as set forth in Attachment R. Sections updated in Attachment R are included in the Tariff in Appendix 2 of this Agreement.

h. Tariff Attachment S, Transmission Line Ratings. Bonneville will add new Attachment S, Transmission Line Ratings, implementing Federal Energy Regulatory Commission (FERC) Order No. 881, Managing Transmission Line Ratings, with modifications necessary for Bonneville to maintain reliable and efficient operation of the Federal Columbia River Transmission System. The new Attachment S is included in the Tariff in Appendix 2 of this Agreement.

2. Terms Applicable to the BP-26 Proceeding

a. Transmission Rate Schedule Provisions for Generator Interconnection Withdrawal Charge. In the BP-26 proceeding, Bonneville staff will file and recommend adoption of the proposed Generator Interconnection

Withdrawal Charge as provided in Appendix 1 to the BP-26 Partial Rates Settlement Agreement.

3. **Transmission Business Practices.**

a. **Withdrawal Charge Business Practice.** Bonneville will follow Bonneville's Business Practice Process to develop and propose a new Generator Interconnection Withdrawal Charge Business Practice.

b. **Distribution of Generator Interconnection Withdrawal Charge Funds Collected.** The new Generator Interconnection Withdrawal Charge Business Practice will include language to implement Bonneville's distribution of Generator Interconnection Withdrawal Charge funds to Interconnection Customers, as follows:

i. *Distribution at Facilities Study:*

1. *Eligibility:* An Interconnection Customer that executes an Interconnection Facilities Study Agreement for an Interconnection Request studied in a Cluster Study, as outlined in the LGIP, is eligible for a distribution of the Generator Interconnection Withdrawal Charge funds at Facilities Study.

a. *Eligibility for the Transition Cluster Study:*

Interconnection Customers with Interconnection Requests studied in the Transition Cluster Study under Attachment R of Bonneville's Tariff are not eligible for a distribution at Facilities Study because the Generator Interconnection Withdrawal Charge will not apply during the Phase Two Cluster Study of the Transition Cluster Study.

2. *Timing.* After all Interconnection Customers in the Cluster have either executed an Interconnection Facilities Study Agreement or had their Interconnection Requests withdrawn, Bonneville will calculate a distribution of the Generator Interconnection Withdrawal Charge funds that will be accounted for on any invoice Bonneville issues to Interconnection Customer for the difference between a Facilities Study deposit and the Interconnection Customer's share of actual costs for the Facilities Study, including any restudies of the Facilities Study, consistent with Section 13.3.1 of the LGIP.

3. *Calculation.* The distribution shall be determined by allocating the available Generator Interconnection Withdrawal Charge

funds between eligible Interconnection Customers in a manner consistent with Bonneville's method in Section 4.2.2 of the LGIP, Study Cost Allocation, for allocating the costs of interconnection studies conducted on a clustered basis. An Interconnection Customer's distribution for an eligible Interconnection Request will be capped at that Interconnection Request's share of the actual costs of the Phase Two Cluster Study.

4. *Treatment of Remaining Generator Interconnection Withdrawal Charge funds collected in the applicable Cluster.* Any remaining GIW Charge funds collected in the Cluster will be carried forward to be distributed to eligible customers upon executing an LGIA and reaching Commercial Operation, as explained below in Sections 3a.ii and 3.a.iii.

ii. Distribution at LGIA

1. *Eligibility:* An Interconnection Customer that executes and fully funds an LGIA for an Interconnection Requests studied in a Cluster Study initiated under the LGIP or Attachment R, is eligible for a distribution of the Generator Interconnection Withdrawal Charge funds, but the Interconnection Customer's Generating Facility must reach Commercial Operation to retain the distribution.
 - a. Interconnection Customers that receive a distribution at LGIA but subsequently do not reach Commercial Operation are no longer eligible for the distribution at LGIA, and the final accounting of any advance funding refunded or amounts owed under the LGIA will account for the removal of the distribution at LGIA.
2. *Timing.* When drafting an LGIA to be tendered to an Interconnection Customer, Bonneville will calculate a distribution of the Generator Interconnection Withdrawal Charge funds that will be applied to offset advance funding obligations under Article 11.3 of the LGIA.
3. *Calculation.* The distribution at LGIA will be calculated using a pro rata calculation of the megawatt service level of the Generating Facility specified in the LGIA, the total megawatts of service level of the Generating Facilities in the Cluster, and the total Generator Interconnection Withdrawal Charge funds Bonneville has collected at the time the distribution is calculated. The total megawatts of service level of the

Generating Facilities being studied in the Cluster is based on the service level identified in executed Interconnection Facilities Study Agreements. The distribution at LGIA will be capped and cannot exceed the total costs for Interconnection Customer's cost assignment of Network Upgrades identified in the LGIA.

4. *Treatment of Remaining Generator Interconnection Withdrawal Charge funds collected in the applicable Cluster.* Any remaining funds collected in the Cluster after distributions at LGIA will be distributed at Commercial Operation.

iii. Distribution at Commercial Operation

1. *Eligibility:* An Interconnection Customer whose Generating Facility reaches Commercial Operation after the associated Interconnection Request was studied in a Cluster initiated under the LGIP or under Attachment R, is eligible for a distribution of the Generator Interconnection Withdrawal Charge funds when all Generating Facilities in the Cluster achieve Commercial Operation or have been withdrawn.
2. *Timing.* After all Interconnection Customers' Interconnection Requests in the Cluster have reached Commercial Operation, have withdrawn or been deemed withdrawn, or had their LGIAs terminated, Bonneville will calculate a distribution of the Generator Interconnection Withdrawal Charge funds.
3. *Calculation.* The distribution at Commercial Operation will be calculated using a pro rata calculation of the megawatt service level for the Generating Facility as specified in the LGIA, the total megawatts of service level of the Generating Facilities in the Cluster that reached Commercial Operation, and the total Generator Interconnection Withdrawal Charge funds that Bonneville has collected at the time of calculation. The distributions at LGIA and Commercial Operation will be capped and cannot exceed the total costs for Interconnection Customer's cost assignment of Network Upgrades identified in the LGIA.
4. *Treatment of Remaining Generator Interconnection Withdrawal Charge funds collected in the applicable Cluster.* Any remaining Generator Interconnection Withdrawal Charge funds collected in the Cluster will be carried forward to be distributed to eligible Interconnection Customers whose projects are evaluated in a future Cluster.

4. **Workshop Commitment.** Before the BP-29 rate proceeding, Bonneville will hold at least one workshop to discuss the Generator Interconnection Withdrawal Charge.