

From: Dan.Loewen@shell.com [mailto:Dan.Loewen@shell.com]
Sent: Monday, August 08, 2016 9:30 AM
To: Tenney Denison,Lauren E (BPA) - TSPQ-TPP-2
Cc: chris.nichol@shell.com; Puyleart, Frank R (BPA) - TOOC-DITT-2
Subject: RE: Reminder: Aug 1 DERBS Customer Sub Team Meeting

Hi Lauren. I think we understand the DERBS cost is to recover roughly \$2 million for capacity that is reserved for balancing thermal generation and not available for BPA trade desk to optimize. Energy is covered under the Imbalance charge.

Spreading the cost over nameplate capacity of generators subject to DERBS makes sense and seems fair; however, it does not make sense to apply the charge to generators that are out of service (e.g., down for maintenance) that do not need or use the service. That capacity can be made available to the BPA trade desk to be optimized so value to BPA is not lost. I'm not sure of the mechanics of how that would be managed but it does not make sense to pay for something that we were not able to use and BPA was able to use it. Perhaps generators would be responsible for notifying BPA if they intent to not use the capacity. BPA could then not reserve it and optimize it.

I hope that makes sense and we appreciate you allowing us to provide comments. Please let me know if you have any questions or would like to discuss further.

Dan