

DRAFT Term Sheet Outline for Discussion of Possible Generation Inputs Settlement for BP-18 Rate Case

Term: October 1, 2017 through September 30, 2019 (Fiscal Year 2018-2019 rate period)

Imbalance Service: BPA will provide imbalance service based on a 99.7% for *incs* and 99.7% for *decs*. Based on the balancing reserve capacity quantity forecast those amounts are 517 MW for *incs* and 618 MW for *decs* as on annual average over the rate period.

FCRPS Source: Forecast that the Federal Columbia River Power System will provide all the balancing reserve capacity in the quantity for rate-setting purposes.

Power Services will be paid \$0.XX/kW/day for the actual amounts of capacity provided.

BPA may provide, at its sole discretion, any additional amounts of *inc* balancing reserve capacity from the FCRPS for Direct Assignment.

Rate Period Election: VERBS customers will make elections for the two-year rate period by the first business day in April 2017. There is no mid-rate period election, but a customer can elect, by April 1, 2017, to take service for a portion of the rate period and no service for the remaining portion of the rate period.

We plan to define exactly what happens if a customer's actual need is different than its election.

Scheduling Election: VERBS customers may elect 30/60 Committed Scheduling, 30/15 Committed Scheduling or Uncommitted Scheduling.

Intentional Deviation: All VERBS for wind resources customers that elect Uncommitted Scheduling will be subject to Intentional Deviation.

Persistent Deviation: Persistent Deviation applies to DERBS, load, and wind projects in the Customer-Supplied Generation Imbalance pilot.

Risk Mitigation Tools: A percentage of Y of the Cost Recovery Adjustment Clause (CRAC), Dividend Distribution Clause (DDC), and NFB (the NFB Adjustment and the Emergency NFB Surcharge) will apply to the capacity-based ACS rates. The rates under this agreement are based on the assumption that Bonneville's power revenue requirement will not contain Planned Net Revenue for Risk. If BPA adopts such a mechanism, Y percent will be allocated to ACS rates exactly the same as a CRAC, DDC, and NFB adjustment.