PACIFIC POWER
A DIVISION OF PACIFICORP

825 NE Multnomah, Suite 2000
Portland, Oregon 97232

July 12, 2019

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301-1166

Attn: Filing Center

RE: UM 1610—PacifiCorp's Application for Approval of Compliance Filing

PacifiCorp d/b/a Pacific Power encloses for filing its Application for Approval of Compliance Filing in the above-referenced docket.

If you have questions about this filing, please contact Cathie Allen, Regulatory Affairs Manager, at (503) 813-5934.

Sincerely,

Etta Lockey
Vice President, Regulation

Enclosure

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UM 1610

In the Matter of PUBLIC UTILITY COMMISSION OF OREGON, Investigation Into Qualifying Facility Contracting and Pricing.	**PACIFICORP'S APPLICATION FOR APPROVAL OF COMPLIANCE FILING**

I. INTRODUCTION

In accordance with the Public Utility Commission of Oregon's (OPUC or Commission) May 13, 2019 Order in the above-captioned docket, Order No. 19-172 (Order) and OAR 860-001-0400, PacifiCorp d/b/a Pacific Power (PacifiCorp) submits this application for approval of (a) revised Standard and Non-Standard Avoided Cost Rate schedules, provided as Attachment A, that incorporate the requirement for qualifying facilities (QFs) under the Public Utility Regulatory Policy Act of 1978 (PURPA) to reimburse PacifiCorp for the third-party transmission costs it incurs when third-party transmission is necessary due to a QF electing to site its project in a load pocket;[1] and (b) a proposed contract exhibit (that would be included in both Standard and Non-Standard QF power purchase agreements ("PPAs")), provided as Attachment B, that implements the concepts outlined in the revised Standard and Non-Standard Avoided Cost Rate schedules.

As directed by the Commission's Order, the company's proposed revised Standard and Non-Standard Avoided Cost Rate schedules and implementing QF PPA exhibit set forth two options for long-term, firm, point-to-point (LTF PTP) transmission costs. Option 1 allows QFs to

[1] A load pocket is defined as an area of the company's system where there is insufficient load to sink additional generation; therefore in order to interconnect a QF at such a location the QF's generation must be exported and transmitted across a third-party transmission system using long-term, firm, point-to-point transmission service.

elect to reimburse PacifiCorp for the actual transmission costs incurred by the company. Option 2 allows QFs to elect a five-year, fixed rate that is generally described in the revised Standard and Non-Standard Avoided Cost Rate schedules and set forth in detail in the proposed accompanying exhibit that would be incorporated into the Standard and Non-Standard PPAs between QFs and the company. Appendix A to this Application provides a representative calculation using the proposed Option 2 methodology. Actual rates using the Option 2 methodology will be determined on a contract-by-contract basis as set forth below. A detailed description of each proposed document and the proposed methodology are set forth more fully below.

PacifiCorp respectfully requests that all communications related to this filing be addressed to:

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Additionally, PacifiCorp requests that all data requests regarding this matter be addressed to:

Email (preferred): datarequest@pacificorp.com

Mail: Data Request Response Center
PacifiCorp
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Portland, OR 97232

Informal requests should be directed to Cathie Allen, Regulatory Manager, at (503) 813-5934.

II. BACKGROUND

This proceeding was initiated by the Commission in 2012 as an investigation into QF contract pricing; the proceeding was subsequently divided into two phases. The Commission's Order was issued following Phase II of this proceeding. During Phase I of this proceeding, the Commission determined that any costs imposed on a utility by a QF in excess of the utility's avoided costs must be assigned to the QF based on PURPA's avoided cost principles but that the parties to this proceeding had not fully addressed how to calculate and assign third-party transmission costs that are attributable to a QF.[2] Phase II therefore focused on the limited issue of "*how*-not whether-a utility should assign third-party transmission costs."[3]

Specifically, the Commission requested further investigation of two proposals for calculation and assignments of these costs:

- PacifiCorp's initial proposal to procure long-term, firm, point-to-point third-party transmission under a transmission provider's OATT for the entire term of a QF's PPA with assignment of the associated costs by PPA addendum to be consistent with PURPA.

- Staff's modified proposal that PacifiCorp offer a QF locating in a load pocked an option to choose either a price for long-term, firm, point-to-point, third-party transmission under a transmission provider's OATT for the entire PPA term or a price for long-term, firm, point-to-point third-party transmission that would reset every five years.[4]

Following a prehearing conference held on August 21, 2018, the parties to this proceeding agreed to engage in settlement discussions. When no settlement agreement could be reached the parties filed initial and reply briefs on November 29, 2018 and January 8, 2019, respectively. In its briefs, PacifiCorp recommended adoption of a simple pass-through mechanism that will require

[2] Order at 1, *citing* Order No. 14-058, at 22 (February 24, 2014).
[3] Order No. 18-181, at 5 (May 23, 2018).
[4] Order No. 18-181, at 5-6.

QFs to pay the company's actual costs based on the third-party transmission provider's tariffed rates, subject to periodic updates. The Commission's Order adopted this recommendation but also directed PacifiCorp to offer a second option pursuant to which PacifiCorp will procure LTF PTP transmission in five-year increments with determination of the associated costs developed on a forecast basis. This forecast of the costs is to be documented in an addendum that will be executed concurrently with the PPA executed between the company and QF.[5]

As part of this compliance filing, PacifiCorp was directed to propose a methodology for determining this forecasted transmission rate that is based on the transmission provider's published rate at the time a legally enforceable obligation is formed and for the QF's location.[6] The methodology is to be based on reasonable assumptions about rate changes over the five-year term and be supported, including through calculation examples. The methodology is to be published in the company's avoided cost rate schedules. In compliance with these directives, and together with this Application, the company is submitting for Commission approval revised Standard and Non-Standard Avoided Cost Rate schedules including the associated implementing exhibit that would be included in each Standard and Non-Standard PPA going forward. Additional details regarding these proposed documents are set forth below. PacifiCorp is also providing, as Appendix A of this Application, a representative calculation of the costs associated with LTF PTP transmission using the proposed methodology for Option 2.

[5] Order at 11.
[6] Order at 11.

III. DISCUSSION

A. The Company's Proposed Methodology for Determining Fixed LTF PTP Transmission Rates is Appropriate and Consistent with the Commission's Directives.

PacifiCorp proposes the following methodology for determining fixed, forecasted LTF PTP transmission rates (*i.e.*, Option 2):

Monthly Transmission Rate = $[((PTP^{y} + SCD^{y}) \times D) + (AC^{y} \times V) + (L^{y} \times V \times CP)) \times (1+ e)^{n}]$

Where:

PTP ($/kw-month) = the applicable point to point (PTP) rate in the third party transmission provider's current OATT or comparable pricing schedule for transmission services;

SCD ($/kw-month) = the applicable Scheduling, Control and Dispatch Charge (SCD) rate in the third party transmission provider's current OATT or comparable pricing schedule for transmission services;

D (MW) = the maximum delivery quantity, in MW, applicable under the Agreement;

y = the year of the effective date of the QF PPA or each subsequent "Adjustment Date" (as defined in the enclosed proposed PPA exhibit), as applicable;

AC ($/MWh) = all ancillary service charges to be billed to PacifiCorp by the third party transmission provider as defined and published in the third party's transmission provider's OATT or comparable pricing schedule for transmission services;

V (MWh) = the actual monthly generation delivery quantity from Seller to PacifiCorp, in MWh, applicable under the QF PPA;

CP ($/MWh) = the contract price stated in the QF PPA;

L (%) = all losses billed to PacifiCorp by the third party transmission provider as defined and published in the third party's transmission provider's OATT or comparable pricing schedule for transmission services;

e = a percentage determined by applying each year following the effective date of the QF PPA the average rate of change to the third party transmission provider's posted rates for the ten (10) years immediately preceding the year of the effective date of the QF PPA, and adjusted each

Adjustment Date. PacifiCorp shall determine the average rate of change based on publicly available information relating to the applicable third-party transmission provider;

n = the current year of any five (5) year term for the Monthly Transmission Rate in this Agreement. For example, for a QF PPA effective in 2019, **n** shall equal the following: 2019 = 0, 2020 =1, 2021=2, 2022=3 and 2023=4.

Appendix A to this Application provides a representative calculation of costs using Bonneville Power Administration as the third-party transmission provider and assuming that the LTF PTP transmission is being obtained for the five-year period beginning in 2019.

With the exception of the percentage applied each year, or the escalation factor, the methodology for calculating the fixed, forecast monthly rate is based on actual costs that will be incurred by the company to procure LTF PTP transmission services. This is consistent with the Commission's directive to base the methodology on a transmission provider's published rate at the time a legally enforceable obligation is formed.[7] The escalation factor is based on the average rate of change to the third-party transmission provider's PTP rate for the ten (10) years immediately preceding the year of the effective date of the PPA. The company has chosen ten (10) years of data to reduce the risk of calculating an unreasonable escalation factor. Ten years is long enough to reduce the impact of any anomalies in rate changes while being short enough to reflect recent trends. An accurate escalation factor based on actual data tied to the third-party transmission provider will ensure that the risks to ratepayers and QFs are mitigated while meeting the objective of providing rate certainty to QFs. As detailed below, this calculation will be performed on a contract-by-contract basis when requested by a QF and provided to the QF for review together with support for calculation of the escalation factor (*i.e.*, the publicly available data used to determine average rate change for the third-party transmission provider).

[7] Order at 11.

B. The Company's Proposed Accompanying Exhibit Complies with the Commission's Directives in the Order.

As directed by the Commission, the company has developed the proposed accompanying exhibit, provided in Attachment B, that will be incorporated into both PacifiCorp's Standard and Non-Standard QF PPAs. Pursuant to the terms set forth in the exhibit QFs will be notified by the company, in writing, when a load pocket necessitating third-party transmission exists, as determined through the transmission study the company's energy supply management function receives from PacifiCorp's transmission function. In support of this determination, PacifiCorp will provide to the QF all documentation reasonably necessary for the QF to evaluate PacifiCorp's determination.[8] Consistent with the Order's directives, this documentation will include copies of any studies performed by PacifiCorp's transmission function or any third-party transmission providers that support the company's determination.[9]

Following such a determination, QFs are provided with two options for LTF PTP transmission rates: Option 1 and Option 2. The proposed exhibit to be included in each Standard and Non-Standard PPA would direct the QF to, within thirty (30) days of receipt of the company's notification that LTF PTP transmission is necessary, notify PacifiCorp that it elects to reimburse PacifiCorp for the direct pass-through of actual transmission costs (memorialized in the proposed exhibit and revised Standard and Non-Standard Rate schedules as Option 1) or requests that PacifiCorp prepare for its review a proposed fixed monthly transmission rate (memorialized in the proposed exhibit and revised Standard and Non-Standard Rate schedules as Option 2). QFs are also provided with the option to terminate the PPA if the determination that a load pocket and associated need for LTF PTP transmission is necessary without further obligation to PacifiCorp.[10]

[8] See Exhibit [X], paragraph 1 provided as Attachment B.
[9] See Exhibit [X], paragraph 1, fn. 1, provided as Attachment B. *See also* Order at 12.
[10] See Exhibit [X], paragraph 2(c), provided as Attachment B.

For QFs that elect to request a proposal for a monthly transmission rate based on a fixed forecasted rate (Option 2), PacifiCorp will provide such a proposal within thirty (30) days following receipt of the request from the QF.[11] The QF is then afforded thirty (30) days from receipt of the proposed monthly transmission rate to inform PacifiCorp if it elects to pay the proposed monthly transmission rate developed pursuant to Option 2. QFs are also afforded a second opportunity to elect Option 1 (the pass-through transmission rate option) or to terminate the PPA without further obligation if they do not wish to pay the monthly rate that results from the Option 2 methodology.

Regardless of the option selected by the QF, the QF is responsible for compensating PacifiCorp for the LTF PTP transmission costs one month in arrears through a netting of the transmission costs against the contract price payable to PacifiCorp each month pursuant to the PPA. The company will also reevaluate the need for LTF PTP transmission eighteen (18) months prior to the five-year anniversary of initial delivery date, regardless of the monthly rate option selected. The Company has selected eighteen months due to the time necessary to request and renew LTF PTP transmission agreements. If LTF PTP transmission continues to be necessary, PacifiCorp will provide an updated forecast rate pursuant to the Option 2 methodology to a QF that elected Option 2 under the PPA.[12]

C. The Company's Revised Standard and Non-Standard Avoided Cost Rate Schedules Set forth the Two Options for Long-term, Firm, Point-to-Point Transmission and Should be Approved.

The two options offered by the company are set forth in the company's revised Standard and Non-Standard Avoided Cost Rate schedules and implementing QF PPA exhibit. The

[11] See Exhibit [X] at 2 (Option 2), provided as Attachment B.

[12] QFs that elected Option 1 at the time of PPA execution will continue to reimburse the company for its actual LTF PTP transmission costs as set forth in the revised Standard and Non-Standard Avoided Cost Rate schedules.

methodology detailed in the proposed exhibit to both Standard and Non-Standard QF PPAs going forward is generally described under "Third-Party Transmission Cost Adjustment" in each of the proposed, revised Standard and Non-Standard Avoided Cost Rate schedules. The description of each pricing option in both avoided cost rate schedules provides the process for electing the rate, the methodology for establishing the rate if Option 2 is selected, and the timeframe for reevaluation of the need for this long-term, point-to-point transmission. The revised Standard and Non-Standard Avoided Cost Rate schedules will be published on PacifiCorp's website.[13] The details of the Option 2 methodology are set forth in more detail in the proposed accompanying QF PPA exhibit (as outlined above).

IV. CONCLUSION

The Company has proposed a methodology for determining a fixed, forecast transmission rate where long-term, firm, point-to-point transmission services are necessary due to the existence of a load pocket where a QF has proposed to interconnect to the Company's system that is consistent with the Commission's directives in the Order. The methodology is memorialized in the proposed accompanying QF PPA exhibit[14] that will be incorporated into all Standard and Non-Standard QF PPAs between the company and QFs. The revised Standard and Non-Standard Avoided Cost Rate schedules[15] sets forth the procedure for electing a transmission rate, reevaluation of the need for LTF PTP transmission, and the contractual rights of QF as they relate to these transmission rates. The Company has therefore complied with the Commission's Order and this compliance filing should be approved.

[13] This is consistent with the Commission's Order directing the company to publish these rates with its QF avoided cost pricing. Order at 12.
[14] Attachment B to this application.
[15] Attachment A to this application.

Respectfully submitted this 12th day of July 2019, on behalf of PacifiCorp.

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Appendix A

APPENDIX A

Illustrative Example of the Calculation of the Monthly Transmission Rate

Example Inputs:

PTP Rate (PTP):	$2.00 /kw-month
Scheduling, Control and Dispatch Service (SCD):	$0.50 /kw-month
Maximum Delivery Quantity (D):	10,000 kW
Ancillary Service Charge (AC):	$0.30 mils/kW
Actual Monthly Generation Delivery Quantity (V):	2,500 MWh
Losses (L):	2.00%
Contract Price (CP):	$30.00 /MWh
Escalation Rate (e):	2.00%
Current Year of any Five (5) Year Term (n):	1

Calculation:

Monthly Transmission Rate = $[((PTP^{y} + SCD^{y}) \times D) + (AC^{y} \times V) + (L^{y} \times V \times CP)) \times (1+e)^{n}]$

$= [((\$2.00 + \$0.50) \times 10{,}000) + (\$0.30 \times 2{,}500) + (2.00\% \times 2{,}500 \times \$30.00)) \times (1+2.00\%)^{1}]$

$= [((\$25{,}000) + (\$750) + (\$1{,}500)) \times (1+2.00\%)^{1}]$

$= [(\$27{,}250) \times (1.02)^{1}]$

= $27,795 (*for this specific month in Year 1 of the five (5) year term*)

Please note that in the equation above, V or D might be used dependent upon the applicable third-party transmission provider definition of the rate ($/kW-month or $/kW)

Attachment A

Third Party Transmission Cost Adjustment (N)

QFs located in discrete load center areas on PacifiCorp's system (also referred to as load "pockets" or load "bubbles") where there is insufficient load to sink additional generation must be exported from that load pocket, transmitted across a third-party transmission system using long-term, firm point-to-point transmission service ("LTF PTP"), and delivered to a different area on PacifiCorp's system where there is sufficient load to sink additional generation. QFs are required to reimburse PacifiCorp for the cost of these third-party system LTF PTP transmission service arrangements, including any associated Ancillary Services. PacifiCorp will procure third-party system LTF PTP and associated Ancillary Services based on the QF's maximum hourly output that is in excess of the load pocket minimum load ("Excess Generation"). Such LTF PTP transmission service and associated Ancillary Services will be procured from the applicable third-party transmission provider consistent with such transmission provider's Open Access Transmission Tariff or comparable pricing schedule for transmission services.

"Ancillary Services," as used in this section, means those services necessary to support the transmission of energy from resources to loads while maintaining reliable operation of the third-party transmission provider's transmission system in accordance with good utility practice.

The amount and cost of the LTF PTP transmission service and associated Ancillary Services will be subject to periodic updates and all terms and conditions will be memorialized in the power purchase agreement ultimately entered into between PacifiCorp and the QF. QFs will have the option to select either option below for such transmission cost adjustments:

Transmission Cost Adjustment Options

1. Direct pass-through of actual costs. The QF will pay all actual costs incurred by PacifiCorp to secure LTF PTP transmission service and associated Ancillary Services from the applicable third-party transmission provider for exporting Excess Generation, as determined by such third-party transmission provider's Open Access Transmission Tariff or comparable pricing schedule for transmission services. The QF will compensate PacifiCorp for the actual costs PacifiCorp incurs one month in arrears through a netting of the LTF PTP transmission and associated Ancillary Services costs against the payments made by PacifiCorp to the QF for Net Output under the power purchase agreement. Eighteen (18) months prior to each five year anniversary of the initial delivery date under the power purchase agreement between PacifiCorp and the QF, PacifiCorp will reevaluate and adjust as necessary the amount of LTF PTP transmission capacity necessary to export the Excess Generation.

2. Fixed forecast costs. The QF will pay PacifiCorp a monthly fixed amount to secure LTF PTP transmission service and associated Ancillary Services from the applicable third-party transmission provider for exporting Excess Generation. The monthly fixed amount will be a calculated based on a five-year forecast of all applicable transmission service cost components as determined by such transmission provider's Open Access Transmission Tariff or comparable pricing schedule for transmission services. Eighteen (18) months prior to each five year anniversary of the initial delivery date under the power purchase agreement between PacifiCorp and the QF, PacifiCorp will reevaluate and adjust as necessary the amount of LTF PTP transmission capacity necessary to export the Excess Generation and will update the fixed monthly amount of LTF PTP transmission service and associated Ancillary Services expense reimbursed to PacifiCorp consistent with the methodology below. (N)

(continued)

Transmission Cost Adjustment Options (continued) (N)

a. Fixed Forecast Methodology. PacifiCorp will use the transmission service cost components from the applicable third-party transmission provider's Open Access Transmission Tariff or comparable pricing schedule for transmission and ancillary services to determine the monthly fixed amount reimbursed by the QF to PacifiCorp beginning upon initial deliveries under the power purchase agreement between PacifiCorp and the QF. PacifiCorp will escalate each component annually following the effective date of the power purchase agreement through the end of the initial five-year period. PacifiCorp will determine such annual escalation based on past historic trends and publicly available market information pertaining to the applicable third-party transmission provider. (N)

Monthly Payments (M)

A Qualifying Facility shall select the option of payment at the time of signing the contract under one of the Pricing Options specified above. Once an option is selected the option will remain in effect for the duration of the Facility's contract.

Renewable or Standard Fixed Avoided Cost Prices

In accordance with the terms of a contract with a Qualifying Facility, the Company shall pay for all separately metered kilowatt-hours of On-Peak and Off-Peak generation at the renewable or standard fixed prices as provided in this schedule. On-Peak and Off-Peak are defined in the definitions section of this schedule.

Firm Market Indexed and Non-Firm Market Index Avoided Cost Prices

In accordance with the terms of a contract with a Qualifying Facility, the Company shall pay for all separately metered kilowatt-hours of On-Peak and Off-Peak generation at the market prices calculated at the time of delivery. On-Peak and Off-Peak are defined in the definitions section of this schedule.

(M)

(continued)

Avoided Cost Prices (M)

Standard Fixed Avoided Cost Prices for Base Load and Wind QF (¢/kWh)

Deliveries During Calendar Year	Base Load QF (1,3)		Wind QF (2,3)	
	On-Peak Energy Price	Off-Peak Energy Price	On-Peak Energy Price	Off-Peak Energy Price
	(a)	(b)	(c)	(d)
2019	3.54	2.43	3.48	2.37
2020	3.15	2.20	3.08	2.14
2021	3.18	2.41	3.12	2.35
2022	3.47	2.68	3.40	2.62
2023	3.71	2.90	3.65	2.84
2024	4.17	3.22	4.10	3.15
2025	4.48	3.46	4.41	3.39
2026	4.76	3.71	4.69	3.64
2027	4.73	3.72	4.66	3.65
2028	4.74	3.74	4.67	3.67
2029	5.12	4.07	5.05	3.99
2030	7.24	4.31	5.11	4.23
2031	7.53	4.55	5.36	4.47
2032	7.83	4.79	5.62	4.70
2033	8.13	5.02	5.87	4.94
2034	8.43	5.25	6.12	5.17
2035	8.29	5.05	5.93	4.96
2036	8.41	5.10	6.01	5.01

(M)

(continued)

Avoided Cost Prices (Continued) (M)

Standard Fixed Avoided Cost Prices for Fixed and Tracking Solar QF (¢/kWh)

Deliveries During Calendar Year	Fixed Solar QF (2,3) On-Peak Energy Price	Fixed Solar QF (2,3) Off-Peak Energy Price	Tracking Solar QF (2,3) On-Peak Energy Price	Tracking Solar QF (2,3) Off-Peak Energy Price
	(e)	(f)	(g)	(h)
2019	3.48	2.36	3.48	2.36
CC2020	3.08	2.13	3.08	2.13
2021	3.11	2.34	3.11	2.34
2022	3.40	2.61	3.40	2.61
2023	3.64	2.83	3.64	2.83
2024	4.10	3.15	4.10	3.15
2025	4.40	3.39	4.40	3.39
2026	4.69	3.63	4.69	3.63
2027	4.66	3.64	4.66	3.64
2028	4.66	3.66	4.66	3.66
2029	5.04	3.98	5.04	3.98
2030	8.44	4.23	8.65	4.23
2031	8.77	4.46	8.98	4.46
2032	9.10	4.70	9.31	4.70
2033	9.42	4.93	9.64	4.93
2034	9.74	5.16	9.97	5.16
2035	9.63	4.95	9.86	4.95
2036	9.78	5.01	10.01	5.01

(1) Capacity Contribution to Peak for Avoided Proxy Resource and Base Load QF resource are assumed 100%.

(2) The standard avoided cost price for wind and solar QFs located in PacifiCorp's balancing authority area (BAA) are reduced by an integration charge of $0.57/MWh ($2016) and solar integration charge of $0.60/MWh ($2016), respectively.

For Solar and Wind QFs not located in PacifiCorp's BAA, the renewable avoided cost price will be increased by wind integration charge of $0.57/MWh ($2016) and solar integration charge of $0.60/MWh ($2016), respectively.

(3) Standard Resource Sufficiency Period ends December 31, 2029 and Standard Resource Deficiency Period begins January 1, 2030.

(M)

(continued)

(M)

Avoided Cost Prices (Continued)

Renewable Fixed Avoided Cost Prices for Base Load and Wind QF (¢/kWh)

Deliveries During Calendar Year	Renewable Base Load QF (1,4)		Wind QF (1,2,3)	
	On-Peak Energy Price	Off-Peak Energy Price	On-Peak Energy Price	Off-Peak Energy Price
	(a)	(b)	(c)	(d)
2019	3.54	2.43	3.48	2.37
2020	3.15	2.20	3.08	2.14
2021	4.06	1.44	1.74	1.37
2022	4.13	1.51	1.76	1.45
2023	4.20	1.58	1.77	1.52
2024	4.30	1.62	1.82	1.55
2025	4.40	1.66	1.85	1.59
2026	4.49	1.71	1.89	1.64
2027	4.58	1.75	1.92	1.68
2028	4.68	1.80	1.96	1.72
2029	4.78	1.84	2.00	1.76
2030	4.88	1.88	2.04	1.81
2031	4.98	1.93	2.08	1.85
2032	5.08	1.98	2.12	1.90
2033	5.17	2.03	2.15	1.95
2034	5.28	2.07	2.20	1.99
2035	5.40	2.10	2.25	2.02
2036	5.51	2.14	2.30	2.05

(M)

(continued)

(M)

Avoided Cost Prices (continued)

Renewable Fixed Avoided Cost Prices for Fixed and Tracking Solar QF (¢/kWh)

Deliveries During Calendar Year	Fixed Solar QF (1,2,3)		Tracking Solar QF (1,2,3)	
	On-Peak Energy Price	Off-Peak Energy Price	On-Peak Energy Price	Off-Peak Energy Price
	(e)	(f)	(g)	(h)
2019	3.48	2.36	3.48	2.36
2020	3.08	2.13	3.08	2.13
2021	4.41	1.37	4.71	1.37
2022	4.49	1.44	4.80	1.44
2023	4.58	1.51	4.89	1.51
2024	4.68	1.54	5.01	1.54
2025	4.79	1.58	5.12	1.58
2026	4.89	1.63	5.22	1.63
2027	4.99	1.67	5.33	1.67
2028	5.09	1.72	5.45	1.72
2029	5.20	1.75	5.56	1.75
2030	5.31	1.80	5.68	1.80
2031	5.42	1.84	5.79	1.84
2032	5.53	1.89	5.91	1.89
2033	5.64	1.94	6.03	1.94
2034	5.75	1.98	6.15	1.98
2035	5.88	2.01	6.29	2.01
2036	6.00	2.05	6.42	2.05

(1) For the purpose of determining: (i) when the Renewable Qualifying Facility is entitled to renewable avoided cost prices; and (ii) the ownership of environmental attributes and the transfer of Green Tags to PacifiCorp, Renewable Sufficiency Period ends December 31, 2020 and Renewable Deficiency Period begins January 1, 2021.

(2) During the Renewable Resource Sufficiency Period, the renewable avoided cost price for a wind and solar Qualifying Facility located in PacifiCorp's BAA is reduced by wind integration charge of $0.57/MWh ($2016) and solar integration charge of $0.60/MWh ($2016), respectively.
For Solar and Wind QFs not located in PacifiCorp's BAA, the renewable avoided cost price will be increased by the avoided wind integration charge of $0.57/MWh ($2016) and solar integration charge of $0.60/MWh ($2016), respectively.

(3) During the Renewable Resource Deficiency Period, the renewable avoided cost price for a solar Qualifying Facility located in PacifiCorp's BAA (in-system) is reduced by the difference between the solar integration charge$0.60/MWh ($2016) and wind integration charge of$0.57/MWh ($2016). For a wind Qualifying Facility located in PacifiCorp's (BAA), the adjustment is zero. For a solar Qualifying Facility not located in PacifiCorp's BAA, the renewable avoided cost price for solar QF will be increased by the difference between the solar integration and wind integration charges.

(4) During the Renewable Resource Deficiency Period, the renewable avoided cost price for Base Load is increased by the avoided wind integration charge of $0.57/MWh ($2016).

(M)

(continued)

Qualifying Facilities Contracting Procedure (M)

Interconnection and power purchase agreements are handled by different functions within the Company. Interconnection agreements (both transmission and distribution level voltages) are handled by the Company's transmission function (PacifiCorp Transmission Services) while power purchase agreements are handled by the Company's merchant function (PacifiCorp Commercial and Trading).

It is recommended that the owner initiate its request for interconnection 18 months ahead of the anticipated in-service date to allow time for studies, negotiation of agreements, engineering, procurement, and construction of the required interconnection facilities. Early application for interconnection will help ensure that necessary interconnection arrangements proceed in a timely manner on a parallel track with negotiation of the power purchase agreement.

1. Eligible Qualifying Facilities

APPLICATION: To owners of eligible existing or proposed QFs with a design capacity less than or equal to 10,000 kW for Base Load and Wind QF resources and less than or equal to 3,000 kW for Solar QF resources who desire to make sales to the Company in the state of Oregon. Such owners will be required to enter into a written power purchase agreement with the Company pursuant to the procedures set forth below.

I. Process for Completing a Power Purchase Agreement

A. Communications

Unless otherwise directed by the Company, all communications to the Company regarding QF power purchase agreements should be directed in writing as follows:

PacifiCorp
Manager-QF Contracts
825 NE Multnomah St, Suite 600
Portland, Oregon 97232

The Company will respond to all such communications in a timely manner. If the Company is unable to respond on the basis of incomplete or missing information from the QF owner, the Company shall indicate what additional information is required. Thereafter, the Company will respond in a timely manner following receipt of all required information.

(M)

(continued)

B. Procedures (M)

1. The Company's approved generic or standard form power purchase agreements may be obtained from the Company's website at www.pacificorp.com, or if the owner is unable to obtain it from the website, the Company will send a copy within seven days of a written request.

2. In order to obtain a project specific draft power purchase agreement the owner must provide in writing to the Company, general project information required for the completion of a power purchase agreement, including, but not limited to:

   (a) demonstration of ability to obtain QF status;
   (b) design capacity (MW), station service requirements, and net amount of power to be delivered to the Company's electric system;
   (c) generation technology and other related technology applicable to the site;
   (d) proposed site location;
   (e) schedule of monthly power deliveries;
   (f) calculation or determination of minimum and maximum annual deliveries;
   (g) motive force or fuel plan;
   (h) proposed on-line date and other significant dates required to complete the milestones;
   (i) proposed contract term and pricing provisions as defined in this Schedule (i.e.,standard fixed price, renewable fixed price);
   (j) status of interconnection or transmission arrangements;
   (k) point of delivery or interconnection;

3. The Company shall provide a draft power purchase agreement when all information described in Paragraph 2 above has been received in writing from the QF owner. Within 15 business days following receipt of all information required in Paragraph 2, the Company will provide the owner with a draft power purchase agreement including current standard avoided cost prices and/or other optional pricing mechanisms as approved by the Public Utility Commission of Oregon in this Standard Avoided Cost Rate Schedule.

4. If the owner desires to proceed with the power purchase agreement after reviewing the Company's draft power purchase agreement, it may request in writing that the Company prepare a final draft power purchase agreement. In connection with such request, the owner must provide the Company with any additional or clarified project information that the Company reasonably determines to be necessary for the preparation of a final draft power purchase agreement. Within 15 business days following receipt of all information requested by the Company in this paragraph 4, the Company will provide the owner with a final draft power purchase agreement.

(M)

(continued)

B. Procedures (continued) (M)

5. After reviewing the final draft power purchase agreement, the owner may either prepare another set of written comments and proposals or approve the final draft power purchase agreement. If the owner prepares written comments and proposals the Company will respond in 15 business days to those comments and proposals.

6. When both parties are in full agreement as to all terms and conditions of the draft power purchase agreement, the Company will prepare and forward to the owner within 15 business days, a final executable version of the agreement. Following the Company's execution a completely executed copy will be returned to the owner. Prices and other terms and conditions in the power purchase agreement will not be final and binding until the power purchase agreement has been executed by both parties.

II. Process for Negotiating Interconnection Agreements

[NOTE: Section II applies only to QFs connecting directly to PacifiCorp's electrical system. An off-system QF should contact its local utility or transmission provider to determine the interconnection requirements and wheeling arrangement necessary to move the power to PacifiCorp's system.]

In addition to negotiating a power purchase agreement, QFs intending to make sales to the Company are also required to enter into an interconnection agreement that governs the physical interconnection of the project to the Company's transmission or distribution system. The Company's obligation to make purchases from a QF is conditioned upon the QF completing all necessary interconnection arrangements. It is recommended that the owner initiate its request for interconnection 18 months ahead of the anticipated in-service date to help ensure that necessary interconnection arrangements proceed in a timely manner on a parallel track with negotiation of the power purchase agreement.

Because of functional separation requirements mandated by the Federal Energy Regulatory Commission, interconnection and power purchase agreements are handled by different functions within the Company. Interconnection agreements (both transmission and distribution level voltages) are handled by the Company's transmission function (including but not limited to PacifiCorp Transmission Services) while power purchase agreements are handled by the Company's merchant function (including but not limited to PacifiCorp's Commercial and Trading Group). (M)

(continued)

II. Process for Negotiating Interconnection Agreements (continued) (M)

A. Communications

Initial communications regarding interconnection agreements should be directed to the Company in writing as follows:

PacifiCorp
Director – Transmission Services
825 NE Multnomah St, Suite 1600
Portland, Oregon 97232

Based on the project size and other characteristics, the Company will direct the QF owner to the appropriate individual within the Company's transmission function who will be responsible for negotiating the interconnection agreement with the QF owner. Thereafter, the QF owner should direct all communications regarding interconnection agreements to the designated individual, with a copy of any written communications to the address set forth above.

B. Procedures

Generally, the interconnection process involves (1) initiating a request for interconnection, (2) undertaking studies to determine the system impacts associated with the interconnection and the design, cost, and schedules for constructing any necessary interconnection facilities, and (3) executing an interconnection agreement to address facility construction, testing, acceptance, ownership, operation and maintenance issues. Consistent with PURPA and Oregon Public Utility Commission regulations, the owner is responsible for all interconnection costs assessed by the Company on a nondiscriminatory basis. For interconnections impacting the Company's Transmission and Distribution System, the Company will process the interconnection application through PacifiCorp Transmission Services. (M)

Non-Firm Market Index Avoided Cost Prices (continued)

for on-peak and off-peak firm index prices. The monthly blending matrix is available upon request. The Non-Firm Market Index Avoided Cost pricing option is available to all Qualifying Facilities. The Non-Firm Market Index Avoided Cost Price for Wind Qualifying Facilities will reflect integration costs.

Self Supply Option

Owner shall elect to sell all Net Output to PacifiCorp and purchase its full electric requirements from PacifiCorp or sell Net Output surplus to its needs at the Facility site to PacifiCorp and purchase partial electric requirements service from PacifiCorp, in accordance with the terms and conditions of the power purchase agreement and the appropriate retail service.

Third Party Transmission Cost Adjustment (N)

QFs located in discrete load center areas on PacifiCorp's system (also referred to as load "pockets" or load "bubbles") where there is insufficient load to sink additional generation must be exported from that load pocket, transmitted across a third-party transmission system using long-term, firm point-to-point transmission service ("LTF PTP"), and delivered to a different area on PacifiCorp's system where there is sufficient load to sink additional generation. QFs are required to reimburse PacifiCorp for the cost of these third-party system LTF PTP transmission service arrangements, including any associated Ancillary Services. PacifiCorp will procure third-party system LTF PTP and associated Ancillary Services based on the QF's maximum hourly output that is in excess of the load pocket minimum load ("Excess Generation"). Such LTF PTP transmission service and associated Ancillary Services will be procured from the applicable third-party transmission provider consistent with such transmission provider's Open Access Transmission Tariff or comparable pricing schedule for transmission services.

"Ancillary Services," as used in this section, means those services necessary to support the transmission of energy from resources to loads while maintaining reliable operation of the third-party transmission provider's transmission system in accordance with good utility practice.

The amount and cost of the LTF PTP transmission service and associated Ancillary Services will be subject to periodic updates and all terms and conditions will be memorialized in the power purchase agreement ultimately entered into between PacifiCorp and the QF. QFs will have the option to select either option below for such transmission cost adjustments:

Transmission Cost Adjustment Options

1. Direct pass-through of actual costs. The QF will pay all actual costs incurred by PacifiCorp to secure LTF PTP transmission service and associated Ancillary Services from the applicable third-party transmission provider for exporting Excess Generation, as determined by such third-party transmission provider's Open Access Transmission Tariff or comparable pricing schedule for transmission services. The QF will compensate PacifiCorp for the actual costs PacifiCorp incurs one month in arrears through a netting of the LTF PTP transmission and associated Ancillary Services costs against the payments made by PacifiCorp to the QF for Net Output under the power purchase agreement. Eighteen (18) months prior to each five year anniversary of the initial delivery date under the power purchase agreement between PacifiCorp and the QF, PacifiCorp will reevaluate and adjust as necessary the amount of LTF PTP transmission capacity necessary to export the Excess Generation. (N)

(continued)

Transmission Cost Adjustment Options (continued) (N)

2. Fixed forecast costs. The QF will pay PacifiCorp a monthly fixed amount to secure LTF PTP transmission service and associated Ancillary Services from the applicable third-party transmission provider for exporting Excess Generation. The monthly fixed amount will be a calculated based on a five-year forecast of all applicable transmission service cost components as determined by such transmission provider's Open Access Transmission Tariff or comparable pricing schedule for transmission services. Eighteen (18) months prior to each five year anniversary of the initial delivery date under the power purchase agreement between PacifiCorp and the QF, PacifiCorp will reevaluate and adjust as necessary the amount of LTF PTP transmission capacity necessary to export the Excess Generation and will update the fixed monthly amount of LTF PTP transmission service and associated Ancillary Services expense reimbursed to PacifiCorp consistent with the methodology below.

    a. Fixed Forecast Methodology. PacifiCorp will use the transmission service cost components from the applicable third-party transmission provider's Open Access Transmission Tariff or comparable pricing schedule for transmission and ancillary services to determine the monthly fixed amount reimbursed by the QF to PacifiCorp beginning upon initial deliveries under the power purchase agreement between PacifiCorp and the QF. PacifiCorp will escalate each component annually following the effective date of the power purchase agreement through the end of the initial five-year period. PacifiCorp will determine such annual escalation based on past historic trends and publicly available market information pertaining to the applicable third-party transmission provider. (N)

Qualifying Facilities Contracting Procedure (M)

A. Communications

Unless otherwise directed by the Company, all communications to the Company regarding QF power purchase agreements should be directed in writing as follows:

PacifiCorp
QF Requests
Resource & Commercial Strategy
825 NE Multnomah St, Suite 600
Portland, Oregon 97232
QFrequests@pacificorp.com

The Company will respond to all such communications in a timely manner. If the Company is unable to respond on the basis of incomplete or missing information from the QF owner, the Company shall indicate what additional information is required. Thereafter, the Company will respond in a timely manner following receipt of all required information. (M)

(continued)

B. Procedures (M)

1. To obtain an indicative pricing proposal with respect to a proposed project, the owner must provide electronically, preferred, or in writing to the Company general project information reasonably required for the development of indicative pricing, including, but not limited to:
   a) generation technology and other related technology applicable to the site
   b) design capacity (MW), station service requirements, and net amount of power to be delivered to the Company's electric system
   c) quantity, firmness, and timing of daily and monthly power deliveries (including project ability to respond to dispatch orders from the Company and maintenance schedule)
   d) proposed site location and electrical interconnection point
   e) proposed on-line date and outstanding permitting requirements
   f) demonstration of ability to obtain QF status
   g) fuel type(s) and source(s)
   h) plans for fuel and transportation agreements
   i) proposed contract term and pricing provisions
   j) status of interconnection arrangements

2. The Company shall not be obligated to provide an indicative pricing proposal until all information described in Paragraph 1 has been received in writing from the Qualifying Facility owner. Within 30 days following receipt of all information required in Paragraph 1, the Company will provide the owner with an indicative pricing proposal, which may include other indicative contract terms and conditions as allowed under federal law, state law, and as approved by the Commission, tailored to the individual characteristics of the proposed project. Indicative non-renewable prices will be calculated using the partial displacement differential revenue requirement, or PDDRR, method as approved by the Commission in Order No. 16-174. Consistent with Order No. 16-174 the floor for non-standard avoided cost prices is the wholesale power price forecast that is used to set sufficiency period avoided cost prices in standard QF contracts under Schedule 37. Indicative renewable pricing will be calculated using the methodology consistent with Commission Order No. 07-360 and Order No. 18-131.

   The indicative pricing proposal may be used by the owner to make determinations regarding project planning, financing and feasibility. However, such prices are merely indicative and are not final and binding. Prices and other terms and conditions are only final and binding to the extent contained in a power purchase agreement executed by both parties. The Company will provide the owner with the indicative prices and a description of the methodology used to develop the prices.

(M)

(continued)

B. Procedures (continued) (M)

3. If the owner desires to proceed forward with the project after reviewing the Company's indicative pricing proposal, it may request in writing that the Company prepare a draft power purchase agreement to serve as the basis for negotiations between the parties. In connection with such request, the owner must provide the Company with any additional project information that the Company reasonably determines to be necessary for the preparation of a draft power purchase agreement, which may include, but shall not be limited to:
   a) updated information of the categories described in Paragraph B.1,
   b) evidence of adequate control of proposed site
   c) identification of, and timelines for obtaining any necessary governmental permits, approvals or authorizations
   d) assurance of fuel supply or motive force
   e) anticipated timelines for completion of key project milestones
   f) evidence that any necessary interconnection studies have been completed and assurance that the necessary interconnection arrangements are being made.

4. The Company shall not be obligated to provide the owner with a draft power purchase agreement until all information required pursuant to Paragraph 3 has been received by the Company in writing. Within 30 days following receipt of all information required pursuant to paragraph 3, the Company shall provide the owner with a draft power purchase agreement containing a comprehensive set of proposed terms and conditions, including specific pricing for purchases from the project. Such draft shall serve as the basis for subsequent negotiations between the parties and, unless clearly indicated, shall not be construed as a binding proposal by the Company.

5. After reviewing the draft power purchase agreement, the owner may prepare an initial set of written comments and proposals regarding the draft power purchase agreement and forward such comments and proposals to the Company. The Company shall not be obligated to commence negotiations with a Qualifying Facility owner until the Company has received an initial set of written comments and proposals from the Qualifying Facility owner. Following the Company's receipt of such comments and proposals, the owner may contact the Company to schedule contract negotiations at such times and places as are mutually agreeable to the parties. In connection with such negotiations, the Company:
   a) will not unreasonably delay negotiations and will respond in good faith to any additions, deletions or modifications to the draft power purchase agreement that are proposed by the owner
   b) may request to visit the site of the proposed project if such a visit has not previously occurred
   c) will update its pricing proposals at appropriate intervals to accommodate any changes to the Company's avoided-cost calculations, the proposed project or proposed terms of the draft power purchase agreement
   d) may request any additional information from the owner necessary to finalize the terms of the power purchase agreement and satisfy the Company's due diligence with respect to the project.

(M)

(continued)

B. Procedures (continued) (M)

6. When both parties are in full agreement as to all terms and conditions of the power purchase agreement, the Company will prepare and forward to the owner a final, executable version of the agreement within 15 business days. Prices and other terms and conditions in the power purchase agreement will not be final and binding until the power purchase agreement has been executed by both parties.

7. At any time after 60 days from the date that Qualifying Facility has provided its written notification pursuant to Paragraph 5, the Qualifying Facility may file a complaint with the Commission asking the Commission to adjudicate any unresolved contract terms or conditions.

(M)

Attachment B

Exhibit [X]

Transmission Services for Excess Generation

1. If, in response to PacifiCorp's request to designate the Facility as a network resource eligible for network integration transmission service under its Network Integration Transmission Service Agreement with PacifiCorp's transmission function, PacifiCorp is informed by PacifiCorp's transmission function that such network resource designation is contingent on PacifiCorp procuring transmission service from a third-party transmission provider, PacifiCorp shall notify Seller in writing and provide Seller the transmission study or other documentation from PacifiCorp's transmission function that demonstrates the requirement.

2. Within thirty (30) days following Seller's receipt of the notification contemplated in Section 1 above, Seller shall make one of the following elections in writing to PacifiCorp:

    a. Seller shall agree to reimburse PacifiCorp for such third-party transmission service under <u>Option 1</u> below; or

    b. Seller shall request PacifiCorp to prepare a proposed Monthly Transmission Rate (as defined below) under <u>Option 2</u> below for Seller's review; or

    c. Seller shall terminate the Agreement, and such termination shall not be deemed an Event of Default and no Party shall have any further obligations or liability to the other Party relating to the Agreement.

   If PacifiCorp does not receive Seller's response within forty five (45) days following the delivery of its notification under Section 1 above, Seller shall be deemed to have elected clause 2.c. above and the Agreement shall immediately terminate with no further action of either Party.

3. If Seller timely elects to proceed under <u>Option 1</u> or <u>Option 2</u>, PacifiCorp will promptly proceed to procure long-term firm, point-to-point transmission service, including ancillary services[1] ("LTF PTP"), in an amount deemed necessary to accommodate the full output of the Facility, as determined through the transmission service request process as identified in Section 1 above ("Excess Generation"). Such LTF PTP transmission service will be procured from the applicable third-party transmission provider consistent with such transmission provider's Open Access Transmission Tariff ("OATT") or comparable pricing schedule for transmission services. Such LTF PTP transmission costs incurred by PacifiCorp will be reimbursed by Seller under either <u>Option 1</u> or <u>Option 2</u> below, as elected by Seller under Section 2 above. Once either <u>Option 1</u> or <u>Option 2</u> is elected by Seller, Seller may not change its election without the express prior consent of PacifiCorp, except as provided under the <u>Option 2</u> process described below.

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[1] Ancillary services are those services that are necessary to support the transmission of energy from resources to loads while maintaining reliable operation of the third-party transmission provider's transmission system in accordance with Good Utility Practice.

<u>Option 1</u> – <u>Direct pass-through of actual costs</u>.

Seller agrees to pay all actual costs incurred by PacifiCorp to secure LTF PTP transmission service from the applicable third-party transmission provider for exporting Excess Generation, as determined by such transmission provider's OATT or comparable pricing schedule for transmission services. Seller compensates PacifiCorp for the actual costs PacifiCorp incurs one month in arrears through a netting of the LTF PTP transmission costs against the Contract Price payable by PacifiCorp each month under the Agreement. Eighteen (18) months prior to each five (5) year anniversary of the initial delivery date under this Agreement, PacifiCorp will reevaluate and, if necessary, adjust the amount of LTF PTP transmission capacity necessary to export the Excess Generation.

<u>Option 2</u> – <u>Fixed forecasted costs</u>.

Within thirty (30) days following PacifiCorp's receipt of Seller's election under clause 2.b. above, PacifiCorp shall prepare and provide to Seller the proposed monthly fixed rate (the "Monthly Transmission Rate") that will be used to determine the monthly charge Seller pays to PacifiCorp for the costs it incurs in securing LTF PTP transmission service from the applicable third-party transmission provider for exporting Excess Generation. The Monthly Transmission Rate will calculated using the methodology described below.

Seller has thirty (30) days from the receipt of the proposed Monthly Transmission Rate to inform PacifiCorp whether it (a) elects to pay the transmission charges associated with this <u>Option 2</u>; (b) elects not to pay the transmission charges associated with this <u>Option 2</u> and elects <u>Option 1</u> instead; or (c) elects not to pay the transmission charges associated with this <u>Option 2</u> and elects to terminate the Agreement. If PacifiCorp does not receive Seller's response within forty five (45) days following the delivery of the proposed Monthly Transmission Rate from PacifiCorp, Seller shall be deemed to have elected clause (c) of this paragraph and the Agreement shall immediately terminate with no further action of either Party. Such termination of the Agreement under this paragraph shall not be deemed an Event of Default and no Party shall have any further obligations or liability to the other Party relating to the Agreement.

If after reviewing the Monthly Transmission Rate Seller elects Option 2, Seller agrees to pay PacifiCorp the Monthly Transmission Rate to reimburse PacifiCorp for the costs it incurs in securing LTF PTP transmission service from the applicable third-party transmission provider for exporting Excess Generation. Seller pays PacifiCorp the Monthly Transmission Rate one month in arrears through a netting against the Contract Price payable by PacifiCorp each month under the Agreement.

The Monthly Transmission Rate will be adjusted on each five (5) year anniversary of the Effective Date (each, an "Adjustment Date"), consistent with the methodology described below and as communicated in writing by PacifiCorp to Seller at least sixty (60) days prior to each five (5) year Adjustment Date, but no earlier than one hundred and eighty (180) days prior to such Adjustment Date. Eighteen (18) months prior to each five (5) year anniversary of the initial delivery date under this Agreement, PacifiCorp will reevaluate and, if necessary, adjust the amount of LTF PTP transmission capacity necessary to export the Excess Generation.

Option 2 Methodology for Calculation of Monthly Transmission Rate. The Monthly Transmission Rate shall be calculated as follows:

The **Monthly Transmission Rate** is the applicable point-to-point transmission service rate as posted in the third party transmission provider's OATT or comparable pricing schedule for transmission services plus all applicable losses and ancillary service charges to be billed to PacifiCorp (the "Posted Rates"), as escalated based on the methodology described below; provided, however, that any Posted Rates of an applicable third-party transmission provider not shown below will also be included in the Monthly Transmission Rate, as escalated under the methodology described below. Posted Rates will be established and fixed as of the Effective Date for the first five (5) year period following the Effective Date, and thereafter re-established for any Adjustment Date no earlier than one hundred and eighty days prior to the upcoming Adjustment Date.

The Monthly Transmission Rate will be calculated as follows:

$$\textbf{Monthly Transmission Rate} = [((PTP^y + SCD^y) \times D) + (AC^y \times V) + (L^y \times V \times CP)) \times (1+ e)^n]$$

Where:

PTP ($/kw-month) = the applicable point to point (PTP) rate in the third party transmission provider's current OATT or comparable pricing schedule for transmission services;

SCD ($/kw-month) = the applicable Scheduling, Control and Dispatch Charge (SCD) rate in the third party transmission provider's current OATT or comparable pricing schedule for transmission services;

D (MW) = the maximum delivery quantity, in MW, applicable under the Agreement;

y = The year of the Effective Date of the Agreement or each subsequent Adjustment Date, as the context requires;

AC ($/MWh) = All ancillary service charges to be billed to PacifiCorp by the third party transmission provider as defined and published in the third party's transmission provider's OATT or comparable pricing schedule for transmission services;

V (MWh) = the actual monthly generation delivery quantity from Seller to PacifiCorp, in MWh, applicable under the Agreement;

CP ($/MWh) = the Contract Price;

L (%) = All losses billed to PacifiCorp by the third party transmission provider as defined and published in the third party's transmission provider's OATT or comparable pricing schedule for transmission services;

e = A percentage determined by applying each year following the Effective Date the average rate of change to the third party transmission provider's Posted Rates for the ten (10) years immediately preceding the year of the Effective Date, and adjusted each Adjustment Date. PacifiCorp shall determine the average rate of change based on publicly available information relating to the applicable third-party transmission provider;

n = The current year of any five (5) year term for the Monthly Transmission Rate in this Agreement. For example, for an Agreement effective in 2019, **n** shall equal the following: 2019 = 0, 2020 =1, 2021=2, 2022=3 and 2023=4.

4. If under either <u>Option 1</u> or <u>Option 2</u> above, PacifiCorp is notified by the third-party transmission provider that the necessary LTF PTP transmission service request cannot be granted for the term requested, PacifiCorp shall promptly notify Seller. Within thirty (30) days of receipt of such notice under this Section 4, and except as limited below, Seller shall elect one of the following:

    a. Seller will agree to amend the Agreement to (i) adjust the Scheduled Commercial Operation Date to align with the estimated date when LTF PTP transmission service is available; (ii) provide for Seller's reimbursement to PacifiCorp for any additional costs it may incur with the third-party transmission provider, including any additional network upgrade costs assessed to PacifiCorp by the third-party transmission provider; and (iii) adjust the Contract Price to reflect the change to the Scheduled Commercial Operation Date;

    b. Seller will terminate the Agreement and such termination by Seller shall not be an Event of Default and no damages or other liabilities under this Agreement will be owed by one Party to the other Party.

    If PacifiCorp does not receive Seller's response within forty five (45) days following the date of PacifiCorp's notice to Seller under this Section 4, Seller shall be deemed to have elected clause (b) of this paragraph and the Agreement shall immediately terminate with no further action of either Party. Seller may not elect (a) above if the estimated date for availability of LTF PTP transmission service results in an anticipated Scheduled Commercial Operation Date that is more than thirty six (36) months following the Effective Date.