

Commercial Readiness

BPA Transmission Business Practice

Version 1

6/30/2024

Commercial Readiness

Version 1

This business practice describes the Commercial Readiness requirements for Interconnection Requests in the Standard Large Generator Interconnection Process (LGIP) and the Large Generator Interconnection Transition Process.

BPA Policy References

- [Open Access Transmission Tariff \(OATT\)](#): Attachments L; Attachment R

For more information, visit the [BPA Transmission Business Practices webpage](#) or submit questions to techforum@bpa.gov.

Table of Contents

A. Evidence Requirements for Commercial Readiness Milestone Options.....	1
B. Deposit Requirements for Commercial Readiness	4
C. Commercial Readiness Submittal.....	6
D. Commercial Readiness Deposit Refund	7

A. Evidence Requirements for Commercial Readiness

Milestone Options

1. Valid forms of Commercial Readiness Milestone Options are set forth in the BPA OATT Sections 6.6.1 and 7.5.1 of the LGIP and Sections 2.1.2, 3.2.1, and 3.3.1 of Attachment R.
- ~~2. Interconnection Customers must submit one of the following as evidence for the Commercial Readiness Milestone Option for each Interconnection Request unless a Commercial Readiness Deposit is submitted as specified in Section B.~~
2. The following are the requirements for each Commercial Readiness Milestone Option with the exception of the Commercial Readiness Deposit, which is described in Section A.5 and Section B of this business practice.
 - a. An executed term sheet (or comparable evidence) related to a contract for sale, as specified in Sections 6.6.1(a), 7.5.1(a) of the LGIP and Sections 2.1.2(a), 3.2.1(a), and 3.3.1(a) of Attachment R of the BPA OATT, which must include:
 - i. Signatures of Interconnection Customer and counterparty (purchasing entity);

- ii. Queue number related to the Interconnection Request;
 - iii. Capacity of the facility to be sold in MW;
 - iv. Generator fuel type;
 - v. Term of sale that is five (5) years or longer;
 - vi. Clear identification of Interconnection Customer and counterparty (the purchasing entity); and
 - vii. Purchased product (facility, facility's generation, or ancillary services).
- b. Documentation of active negotiations (or the equivalent, e.g., an ongoing relationship), as specified in Section 6.6.1(b) of the LGIP and Sections 2.1.2(b) and 3.2.1(b) of Attachment R of the BPA OATT, must be in the form of an attestation from a designated representative of the counterparty in negotiation with Interconnection Customer and must include the following:
 - i. Queue number related to the Interconnection Request.
 - ii. Capacity being negotiated for sale in MW.
 - iii. Generator fuel type.
 - iv. Clear identification of Interconnection Customer and counterparty (prospective purchasing entity).
 - v. Product being negotiated for sale (facility, facility's generation, or ancillary services).
 - vi. Term of sale that is five (5) years or longer.
- c. An executed contract, as specified in Section 6.6.1(c) of the LGIP and Sections 2.1.2(c) and 3.2.1(c) of Attachment R of the BPA OATT, must include the following:
 - i. Queue number related to the Interconnection Request.
 - ii. Capacity of the facility sold in MW.
 - iii. Generator fuel type.
 - iv. A term of sale that is five (5) years or longer.
 - v. Clear identification of Interconnection Customer and counterparty.
 - vi. Product being purchased (facility, facility's generation, or ancillary services).
- d. Documentation consistent with Section 6.6.1(d) and 7.5.1(c) of the LGIP and Sections 2.1.2(d), 3.2.1(d) and 3.3.1(e) of Attachment R, showing that the facility was selected in a Resource Plan by or for a Load-Serving Entity (LSE) or appears on a final shortlist for a Resource Solicitation Process with the approval or acknowledgment of the appropriate applicable authority. For example, a state public utilities commission's approval or acknowledgment of an Investor-Owned Utility's Resource Plan.
- e. A site-specific purchase order for Generating and/or Interconnection Facilities equipment, as specified in Section 6.6.1(e) of the LGIP and Sections 2.1.2(e) and 3.2.1(e) of Attachment R of the BPA OATT, must:

- i. Identify the purchasing company which must be the same as Interconnection Customer identified on the Interconnection Request;
 - ii. Include site address; and
 - 1. If the site address does not match the site of the Interconnection Request, a delivery receipt must be included that shows:
 - a. Equipment serial number;
 - b. Delivery address; and
 - c. Delivery date.
 - iii. Identify purchased equipment as either a generator, battery, inverter, or power transformer.
 - 1. If the purchased equipment is incapable of enabling the full MW of the Interconnection Request, Interconnection Customer must submit a Commercial Readiness Deposit as specified in Section A.3.
 - f. Reasonable evidence of transmission service reservation for the Generating Facility, as specified in Section 6.6.1(f) of the LGIP and Sections 2.1.2(f) and 3.2.1(f) of Attachment R of the BPA OATT, must include such as evidence establishing:
 - i. Point of Receipt that matches the Interconnection Request's POI; and
 - ii. AREF number for a CONFIRMED Transmission Service Reservation (TSR) or Designated Network Resource (DNR).
 - 1. Interconnection Customer must be the customer that owns the AREF for a TSR or the DNR. However, Interconnection Customer may provide an AREF owned by another entity if Interconnection Customer can establish that Interconnection Customer and that entity have common ownership or a subsidiary/parent relationship. Interconnection Customer must submit an additional attestation from the entity that owns the transmission capacity associated with the TSR that acknowledges Interconnection Customer's relationship to that entity.
 - 2. A Forecasted TSR (FTSR) is not reasonable evidence of transmission service.
3. Interconnection Customer may submit multiples of each option and a combination of the Commercial Readiness Milestone Options described in Section A.2.a, A.2.b, A.2.c, or A.2.d of this business practice.
4. Interconnection Customer submitting a Commercial Readiness Milestone Option described in Section A.2.e or A.2.f of this business practice is limited to one option but may submit multiples of that option.
- 3.5. If Interconnection Customer submits evidence of a Commercial Readiness Milestone Option that is less than the full MW of the Interconnection Request, a percentage of the Commercial Readiness Deposit must be submitted as specified in Sections 6.6.1(g) and 7.5.1(f) of the LGIP and Sections of 2.1.2(h), 3.2.1(h), and 3.3.1(g) of Attachment R.

- a. The required percentage of the Commercial Readiness Deposit can be identified by dividing the remaining MW by the total MW of the Interconnection Request.

B. Deposit Requirements for Commercial Readiness

1. As specified in Sections 6.6.1 and 7.5.1 of the LGIP and Sections 2.1.2, 3.2.1, and 3.3.1 of Attachment R, Interconnection Customer may submit a Commercial Readiness Deposit in the form of a cash deposit, irrevocable letter of credit (Letter of Credit), or a deposit in an escrow account that is established by Interconnection Customer (Escrow Account).
 - a. Commercial Readiness Deposits can only be in one form and cannot be a combination of two or more forms of a Commercial Readiness Deposit.
 - b. If a previously provided Commercial Readiness Deposit is less than the new Commercial Readiness Deposit required, the amount required will be less any Commercial Readiness Deposits provided to date.
 - c. If a previously provided Commercial Readiness Deposit is larger than the new Commercial Readiness Deposit required, the difference will be refunded or released to Interconnection Customer.
2. Cash deposits:
 - a. Interconnection Customer must remit cash deposits directly to BPA in accordance with Section C.6.a.
 - b. Consistent with Section 13.3.3 of the LGIP, ~~BPA will hold all cash deposits in a non-interest bearing account~~ Interconnection Customer will not earn interest on cash deposits.
3. Letter of Credit:
 - a. The financial institution issuing the Letter of Credit must have a Senior Unsecured Credit Rating from Moody's or Standard & Poor's equivalent to an "A" or better.
 - b. Interconnection Customer must use the BPA Irrevocable Standby Letter of Credit template available on BPA's [Large Generator Interconnection Procedures \(LGIP\) website](#).
 - i. Any edits to template language require pre-approval by BPA. Requests to modify the template language must be sent 30 Calendar Days in advance of the deadline to submit Commercial Readiness as specified in the LGIP or Attachment R by email to CRDepositAdmins@bpa.gov.
 - c. Interconnection Customer cannot use one Letter of Credit for multiple Interconnection Requests.
 - d. A Letter of Credit must include:
 - i. The issuing bank name, phone number, and Letter of Credit number;
 - ii. Interconnection Customer's legal name, address, and contact information;

~~1. Interconnection Customer cannot act as an agent for subsidiaries when establishing a Letter of Credit.~~

iii. BPA as the “Beneficiary” with the following information:

Bonneville Power Administration
 ATTN: Credit Risk Analyst – CBC-7
 905 NE 11th Avenue
 Portland OR, 97232
 Phone: (503) 230-3831

- iv. The Interconnection Request (i.e., Queue) number;
 - v. Total amount being credited in U.S. Dollars;
 - vi. The clearly stated expiration date; and
 - vii. The signature of an official of the issuing bank.
- e. Interconnection Customer is responsible for all costs associated with the Letter of Credit.
- f. A Letter of Credit must be valid for the entirety of the interconnection study process.
- i. Interconnection Customer must submit a renewed Letter of Credit to BPA no later than 11 Business Days before the expiration of the Letter of Credit. If the Letter of Credit is 10 Business Days from expiration, BPA will draw the full amount of the Letter of Credit to hold as a cash Commercial Readiness Deposit.
 - ii. BPA will accept Letters of Credit with automatic renewal provisions if the issuer of the Letter of Credit is required to provide at least 60 Calendar Day notice of termination or nonrenewal of the Letter of Credit.

4. Escrow Account:

- a. An Escrow Account and the related agreement must be with a federally chartered financial institution specified by BPA, which will act as Escrow Agent for Interconnection Customer. For information on establishing an Escrow Account send a written request to CRDepositAdmins@bpa.gov.
- b. Interconnection Customer must execute an Escrow Agreement and establish and fund an Escrow Account in advance of Commercial Readiness submittal.
 - i. Interconnection Customer is responsible for all costs associated with the Escrow Account.
 - ii. Interconnection Customer cannot act as an agent for subsidiaries when establishing escrow.
- c. Interconnection Customer will acknowledge in the Escrow Agreement that the Escrow Account is for the benefit of BPA.
- d. Interconnection Customer must notify CRDepositAdmins@bpa.gov of the establishment of an Escrow Account for a Commercial Readiness Deposit.
- e. Interconnection Customer must notify CRDepositAdmins@bpa.gov prior to the deposit of funds for the associated Interconnection Request into the established Escrow Account.

- f. Interconnection Customer must ensure that the Escrow Agent notifies CRDepositAdmins@bpa.gov of the Escrow Agent's receipt of the deposited funds and the associated sub-account.

C. Commercial Readiness Submittal

1. To continue to the Phase Two Cluster Study, Commercial Readiness must be ~~demonstrated-submitted~~ during the Phase One Cluster Study Customer Review Period and the Customer Review Period after a Phase One Cluster Re-Study, if any.
2. To continue to the Interconnection Facilities Study, Commercial Readiness must be ~~re-demonstrated-submitted~~ during the Phase Two Cluster Study Customer Review Period and the Customer Review Period after a Phase Two Cluster Re-Study, if any.
3. Commercial Readiness Milestone Options shall be submitted to GI_ClusterStudies@bpa.gov in .pdf format.
4. Submittal must identify which Commercial Readiness Milestone Option is included.
5. Submittal must identify the Interconnection Request's queue number that the Commercial Readiness ~~submittal demonstration~~ applies to and the contract number of the related Cluster Study Agreement (if known).
6. Commercial Readiness Deposits shall be submitted in accordance with the following:
 - a. Cash deposit shall be remitted in accordance with the criteria described below:
 - i. For instructions to pay the deposit by electronic funds transfer to BPA, either through FedWire or Automated Clearing House (ACH), please reference [BPA Payment Instructions](#). Interconnection Customer may contact BPA's Accounts Receivable at (503) 230-5788 or Interconnection Customer's assigned Transmission Account Executive with questions.
 - ii. When using FedWire for electronic transfer, after "OBI" include the letters "CR" and the applicable queue number.
 - iii. When using the ACH type of electronic transfer, include the words "GI Commercial Readiness Deposit" and the applicable queue number in the "memo" field on the transfer.
 - iv. For all follow-on payments, include the BPA contract number of the related Cluster Study Agreement (if known).
 - v. If a bank removes information from the "OBI" or "memo" field, BPA will not declare an Interconnection Request INVALID.
 - vi. In limited circumstances, paper checks will be acceptable if Interconnection Customer demonstrates they are unable to pay electronically. Contact your Transmission Account Executive for instructions.
 - b. A Letter of Credit shall be in accordance with Section B.3 and must be submitted to CRDepositAdmins@bpa.gov. For detailed instructions contact CRDepositAdmins@bpa.gov.
 - c. Escrow Account deposits shall be in accordance with Section B.4. For detailed instructions contact CRDepositAdmins@bpa.gov.

7. BPA will only validate submittals of Commercial Readiness during Customer Review Periods as specified in Sections C.1 and C.2.
 - a. BPA will validate Interconnection Customer's ~~submittal of a~~ renewal of a Letter of Credit submitted outside of the Customer Review Periods as specified in Section B.3.f., ~~is not considered as re-demonstration of Commercial Readiness.~~
8. BPA will review Commercial Readiness for validity within 15 Business Days of the close of the Customer Review Period. Failure to include the key details listed in this section with the submittal of any Commercial Readiness Deposit to BPA, will allow BPA the right to reject the deposit, deem the request withdrawn and provide written notice to Interconnection Customer consistent with Section 3.7 of the LGIP.

D. Commercial Readiness Deposit Refund

1. Interconnection Customer will receive the refundable portion of a Commercial Readiness Deposit when the requirements detailed in Section 13.3.3 of the LGIP are met.
2. Commercial Readiness Deposit refunds/releases will be made to the entity whose name is on the Interconnection Request and the W9e:Request for Taxpayer Identification Number and Certification form as follows:
 - a. Cash deposits:
 - i. BPA will refund cash deposits to the entity identified on the Interconnection Request.
 - ii. BPA will notify Interconnection Customer by email prior to the release of a cash deposit.
 - b. Letter of Credit:
 - i. BPA will notify Interconnection Customer by email when BPA has authorized the release of a Letter of Credit.
 - c. Escrow:
 - i. BPA will notify Interconnection Customer by email of BPA's request to the Escrow Agent authorizing the release funds from the Escrow Account.
 - ii. Escrow Agent will notify BPA at CRDepositAdmins@bpa.gov and Interconnection Customer of the release date of the funds to Interconnection Customer.
3. BPA will undertake reasonable efforts to complete refunds within six (6) months of the start of the next study or Re-Study.