



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

ENERGY EFFICIENCY

January 5, 2006

In reply refer to: PNJ 1

Dear General Manager:

The Bonneville Power Administration (BPA) is pleased to announce that customers may begin participation in the Early Start of the Post-2006 Conservation Rate Credit (CRC) on February 1, 2006. Key requirements must be met in order for a customer to qualify for the CRC Early Start.

- Customers must have satisfied all of their Conservation and Renewables Discount (C&RD) obligations as stated below.
- Customers must execute a CRC Participation Agreement (PA) before implementing or installing qualifying measures. For example, customers who have a closeout letter confirming C&RD obligations have been met and who execute a PA in January 2006 could start the CRC on February 1, 2006. Customers who have a closeout letter confirming C&RD obligations have been met and who then execute a CRC PA after February 1, 2006, can begin the CRC Early Start on the date that the Power Business Line (PBL) Account Executive (AE) signs the CRC PA.
- Small utilities (7.5 aMW and less) do not have to closeout their C&RD participation since they do not have the same reporting obligations as the larger customers. They can execute a CRC PA and be eligible to participate in the Early Start without meeting the C&RD closeout requirement.

There are several requirements for closing out a customer's participation in the C&RD:

- Customers must have reported valid claims for the C&RD funds described on the C&RD Tracking and Reporting software. That means customers must show qualified measures have been installed or approved activities have been completed that are equal to or more than the amount of the funds on the C&RD reporting software for the 2002-2006 rate period.
- The customer must have submitted, and BPA must have on file, all official required documentation. This includes signed hard copies of filed annual electronic reports, incremental certification statements, exemptions or waivers and audit reports for each year that the customer filed an annual report.

When the customer has satisfied these requirements, BPA will send the customer an official closeout letter stating that the customer has satisfied all of their obligations under the C&RD. Once the customer has received an official closeout letter, the customer is eligible to execute a CRC Early Start PA.

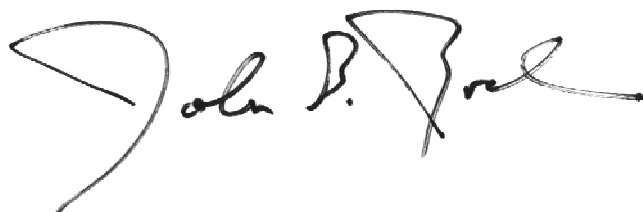
Customers who participate in the CRC Early Start face potential risk due to changes that may result from the Final Rate Case and, in turn, impact the reimbursement/credit levels or other details of the CRC as stated in the Approved Working Draft of the Post-2006 Conservation Program Implementation Guidelines (Guidelines) dated November 18, 2005.

Participation Agreement

A CRC PA is attached to this e-mail and can be found on page 116 of the Guidelines. Please enter your utility name in the correct place, have the responsible official sign the agreement, and return the signed agreement to your PBL AE to finalize. Again, the CRC Early Start PA becomes effective either on the date that your PBL AE signs the agreement or on February 1, 2006, whichever is later.

We look forward to your participation in BPA's Post-2006 Conservation Programs. If you have any questions regarding closing out your participation in the C&RD or CRC Early Start implementation requirements, please contact your Energy Efficiency Representative, call Mark Johnson at (503) 230-7669, or send an e-mail to mejohanson@bpa.gov.

Sincerely,

A handwritten signature in black ink that reads "John B. Pyrch". The signature is written in a cursive style with a large initial "J" and a long horizontal stroke at the end.

John B. Pyrch
Energy Efficiency Implementation Manager

cc:
Conservation Managers

**Conservation Rate Credit
Participation Agreement
2006 through 2009**

[CUSTOMER NAME] wants to start activities covered under BPA’s proposed 2007-2009 Conservation Rate Credit (CRC) by [DATE]. In doing so [CUSTOMER NAME] understands that the CRC is not yet final and that there is a risk that the CRC may not be approved as proposed. Therefore, [CUSTOMER NAME] agrees to the following terms:

1. [CUSTOMER NAME] recognizes that the “Working Draft” of the Post 2006 Conservation Programs Implementation Guidelines may change once the 2007-2009 power rate case is concluded.
2. [CUSTOMER NAME] recognizes that it is assuming a potential financial risk that the CRC will not be approved or will be fundamentally changed in some manner during the rate case and that if this occurs, the [CUSTOMER NAME] agrees to hold BPA harmless and not seek any remedy from BPA for expenses incurred.
3. [CUSTOMER NAME] agrees to follow the CRC guidelines as described in the Post 2006 Conservation Programs Implementation Guidelines and subsequent versions as the document is updated.
4. [CUSTOMER NAME] agrees to participate in any BPA-sponsored evaluation including, but not limited to, sharing information on installed conservation measures. Any evaluation of the project initiated by BPA shall be conducted at BPA’s expense or as a shared regional expense.
5. [CUSTOMER NAME] intends to claim reimbursement/credit for industrial custom projects (see Implementation Guidelines – Section 1.3.1), under both the CRC and the Conservation Acquisition Agreement (CAA) at the:

_____ Option 1 (\$0.12/kWh) level, or at the

_____ Option 2 (\$0.15/kWh) level.

The signatories represent that they are authorized to enter into this Participation Agreement on behalf of the party for whom they sign.

[CUSTOMER NAME]	United States of America Department of Energy Bonneville Power Administration
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____