

Provider of Choice Engagement Plan for 2021– Path to a Concept Paper March, 2021

Summary

This document lays out BPA’s plan for customer engagement leading up to the Concept Paper in late 2021. This engagement plan addresses three specific categories and strategies, addressed below. These are: 1. Teeing Up Specific Provider of Choice Issues and Opportunities to Engage, 2. Venues for Engagement and AE outreach, and 3. Concept Paper Scope. Finally, this document touches on next steps for immediate engagement.

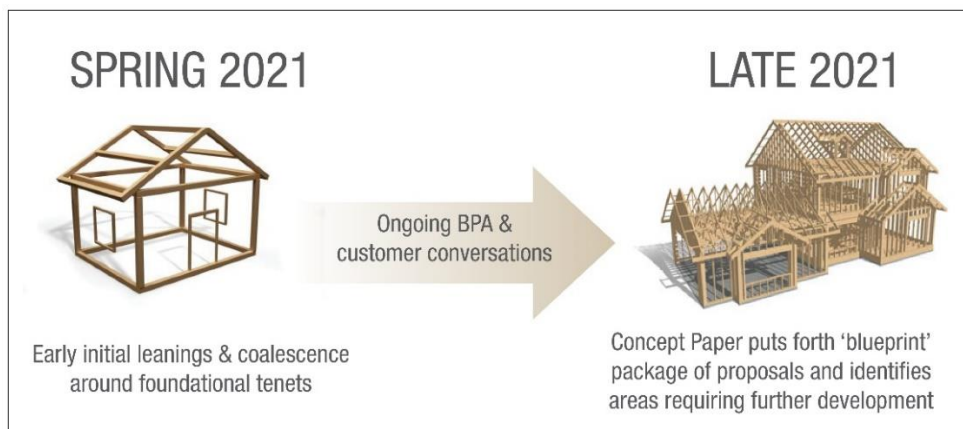
1. Teeing Up Specific Provider of Choice Issues and Opportunities to Engage

To kick off the Provider of Choice initiative in late 2019 and 2020, BPA’s power Account Executives (AEs) engaged in one-on-one conversations with preference customers about how BPA could best serve their power supply needs for 2028 and beyond. BPA summarized the feedback received in its October 2020 [Customer Engagement Summary](#).

Over calendar year 2021, BPA staff will continue to analyze various post-2028 policy, contract and rate structure issues based on feedback we have received from customers. BPA is also planning routine customer engagement sessions on certain policy considerations for which BPA would like further input and dialogue prior to putting out a proposal in the Concept Paper.

The goal of initial conversations in 2021 is to come to general agreement on the interests and foundational tenets BPA staff has proposed in its initial staff leanings document. In March and April 2021, BPA will seek early customer engagement and discussion on the proposed interests and leanings to establish:

- i. The guiding principles and high-level criteria against which BPA and the region will consider BPA’s post-2028 business decisions; and,
- ii. The foundational tenets of the deal.



From there, between roughly April and October 2021, BPA plans to tee up a handful of targeted policy issues that will benefit from additional conversation prior to BPA developing and advancing proposals in the Concept Paper.

With foundational policy issues in mind, BPA intends to focus the scope of issues discussed in 2021 to either those which BPA heard widespread interest for adjustment relative to today's contracts and/or rate treatment, or those for which BPA heard a variance of opinion from customers. It is BPA's intention that the conversations in 2021 will be higher-level and used to inform BPA's initial policy positions in the Concept Paper, rather than delving down into the details of product development. Detailed product design conversations will be reserved for the policy deliberation phase after the Concept Paper is released.

In addition to the initial leanings, listed below are some of the policy issues BPA is considering bringing to customers for further discussion in 2021:

- Calculation of Contract High Water Marks and Rate Period High Water Marks (assuming there is support for moving forward with a tiered rates structure)
- Questions around carbon including whether BPA can offer a carbon-free product within the statutory limitations of BPA's 'one system mix', and allocation of non-power attributes (e.g. Renewable Energy Certificates)
- Product modifications or additional flexibilities to simplify and better facilitate the application of non-Federal resources
- Product modifications or additional flexibilities to help customers meet peak loads
- Cost control mechanisms in the contract
- Additional topics, including Transfer Service and Energy Efficiency, based on customer interest. (BPA believes these complex topics may warrant parallel policy processes in the future to fully evaluate paths forward. BPA is open to hearing feedback on these issues at this time, but does not anticipate *in-depth* customer conversations on them in 2021.)

BPA recognizes that customers will have their own ideas of issues they'd like to see discussed prior to the Concept Paper, as well as suggested prioritization of the conversations. BPA seeks feedback from customers and trade organizations to help BPA fine tune, supplement and sequence the 2021 issue list. Once BPA has a comprehensive issue list for 2021 conversations, ideally by late April, BPA will release a schedule of conversations for 2021 so customers can plan ahead for dates and topics.

2. Venues for Engagement and AE outreach

BPA has been invited to attend the PPC rates and contracts working group as a venue to engage with customers on BPA staff's initial leanings, the policy topics identified for further discussion, and other post-2028 issues, as needed. BPA expects these discussions to begin this spring and continue through much of 2021, again roughly once a month. The first of these working group sessions is March 18, 2021. Customer utilities that are not members of PPC are welcome and invited to attend and actively participate in the working session meetings.

BPA encourages customers to participate in the PPC-hosted rates and contracts working group sessions. Or, if they prefer, BPA’s power AEs remain a constant and primary avenue for customers to engage directly with BPA.

AEs will work to ensure that customers’ educational needs are being met so that customers can feel prepared to engage in the upcoming policy conversations in a meaningful way, if customers so choose. AEs will also ensure that customers have the meeting time/location/access information needed to participate in policy conversations with as much advance notice as possible.

BPA is also considering plans to host a workshop for all interested stakeholders in late summer/early fall 2021, in advance of and in preparation for BPA’s release of its Concept Paper. This workshop would be a venue for BPA to recap the conversations held with customers during 2021 and to share progress being made toward development of the Concept Paper.

3. Concept Paper Scope

BPA is planning to release its Concept Paper in late 2021. It will incorporate internal BPA deliberations as well as external customer conversations and feedback collected. The Concept Paper is envisioned to be a set of high-level policy proposals that will form a conceptual framework for the subsequent policies, rates, and contracts discussions applicable to BPA’s post-2028 requirements service. The Concept Paper is also likely to identify areas that will require further development in subsequent phases and policy venues.

BPA currently expects the Concept Paper may address:

- Interests/goals for post-2028 service offerings
- Service to public utilities
 - Rate structure and proposed approach to Contract High Water Mark and Rate Period High Water Mark calculations (as applicable)
 - Products and any major adjustments from Regional Dialogue
 - Other considerations (e.g. Transfer, Low Density Discount, Irrigation Rate Discount, New Large Single Load policies, new publics, and others)
- Renewable resources, renewable energy certificates and approach to carbon
- Conservation
- Resource adequacy
- Residential Exchange Program

At this time, BPA envisions a Concept Paper that will be relatively narrow in scope to address the proposed leanings that deviate from current policies. Whether the document remains narrow in scope or becomes more expansive will depend on how the Provider of Choice conversations evolve and how significantly the Provider of Choice policy leanings outlined in the Concept Paper either closely mirror or deviate from today’s Regional Dialogue contracts and the TRM.

The Concept Paper represents a significant milestone in BPA's Provider of Choice effort, marking the agency's first full proposal for post-2028 service and the initiation of formal discussions on the many complex and critical aspects of BPA's contracts and policy that will enable the agency to continue to meet its statutory charter of providing power to its preference customers.

4. Immediate Next Steps: How to provide feedback on BPA's proposed Initial Leanings

BPA is seeking feedback and early customer coalescence around the following:

Interests

- Lowest Tier 1 Costs and Tier 1 Rates
- Durability/Stability/Contract Enforceability
- Customer/Regional Support and Equity
- Certainty of Obligations for All Parties
- Promote Infrastructure Development Consistent with the Northwest Power Act
- Consistency with BPA Stewardship Obligations
- Legality
- Simplicity
- Advancement of National and Regional Objectives

Foundational Tenets

- i. Standardized contracts offered over a consistent term length.
- ii. A long-term contract term and rate structure.
- iii. Provider of Choice product offerings of Load Following, Block, and Slice/Block.
- iv. Continue to utilize a tiered rate structure and the TRM.

There are two primary ways to provide feedback to BPA on these initial leanings:

- i. Provide direct feedback to BPA through your power AE; and,
- ii. Discuss and provide your feedback through your trade organizations, as applicable. BPA will be working closely with the various customer representative organizations to understand their memberships' collective policy positions and vantage points.