Provider of Choice

Eugene Water & Electric Board

December 14, 2022

Messages Today

- EWEB background
- Policy Goals
- Equality vs Equity
- Balance
  - Augmentation
  - Conservation
  - Load Growth
- Risk vs Certainty

EWEB Background

- ~270 aMW retail load
  - Flat to slight load loss
- Resources
  - BPA ~80% of portfolio, Slice customer
  - Owned hydro
  - Power Purchase Agreements – wind, biomass
- Retail Rates
  - Higher than several neighboring publics
    - PPA's above market for a long time
    - Cost to repair/maintain hydro

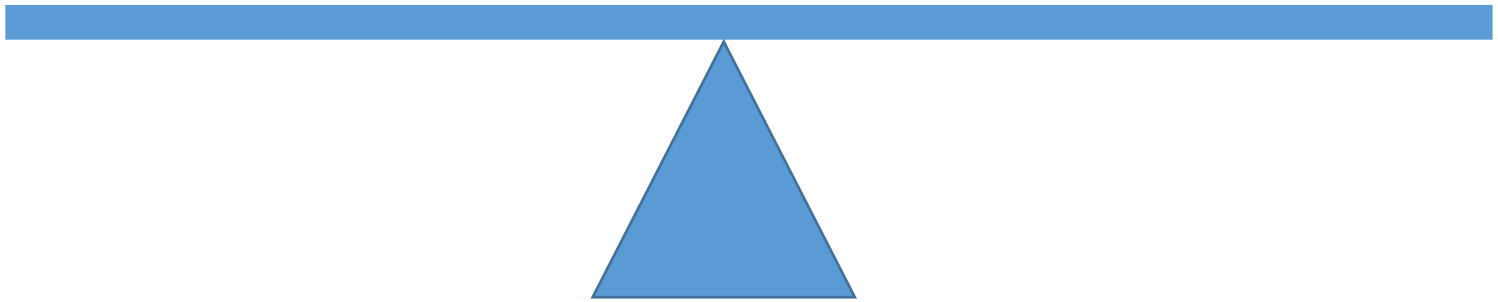
EWEB's Trail Bridge dam and powerhouse on the McKenzie River.

Policy Goals

- Low, stable rates
- Incentivize/support investment in needed resources
- Planning certainty
- Equitable treatment

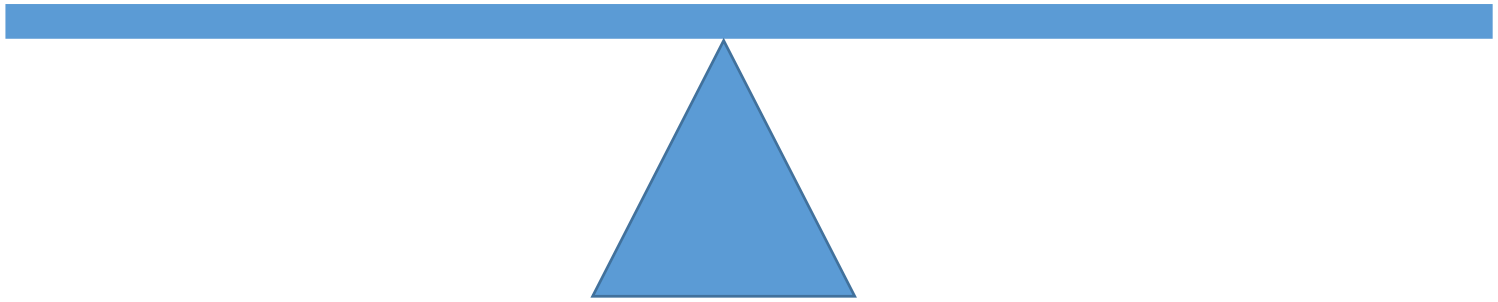
Equality vs Equity

- Equality is not necessarily equitable.
- Equity is often in the eye of the beholder.
  - There is validity to each perspective.



Balance

- Balance across multiple interests and factors.
- Tipping point will help achieve broader policy goals.
- EWEB supports recognition of some load growth and conservation achievements, even though these will reduce our CHWM.

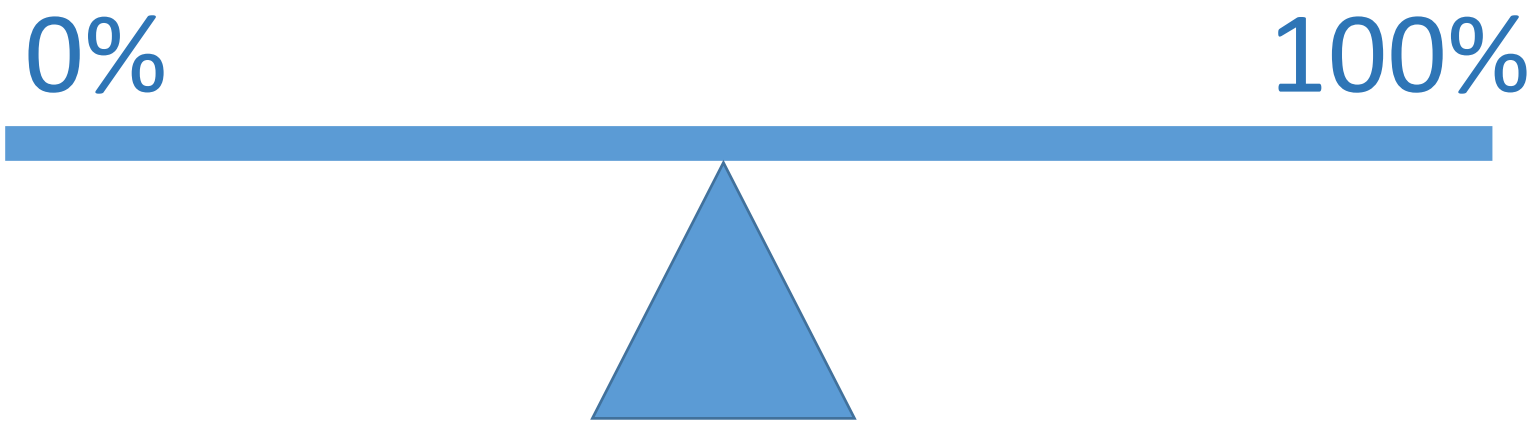


Load Growth

- 2011 was not a line in the sand.
  - Natural shifts occur over time.
- Some growth is due to local policies/incentives.
- Acknowledge context/decisions under Regional Dialogue that customers would manage their own load and resources.

Load Growth

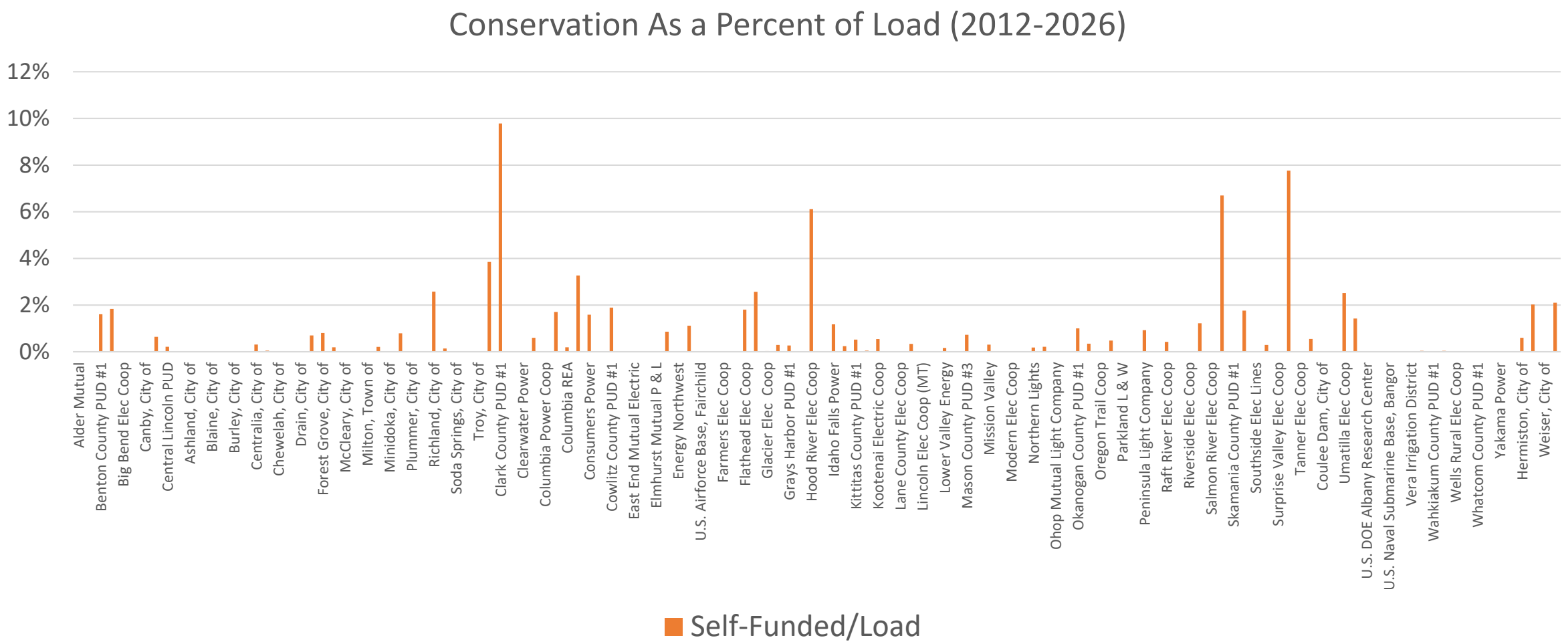
- Some load growth should be included in 2028 CHWM, or alternately a reduction of a portion of AHWM load through other adjustments (like augmentation).



Energy Efficiency

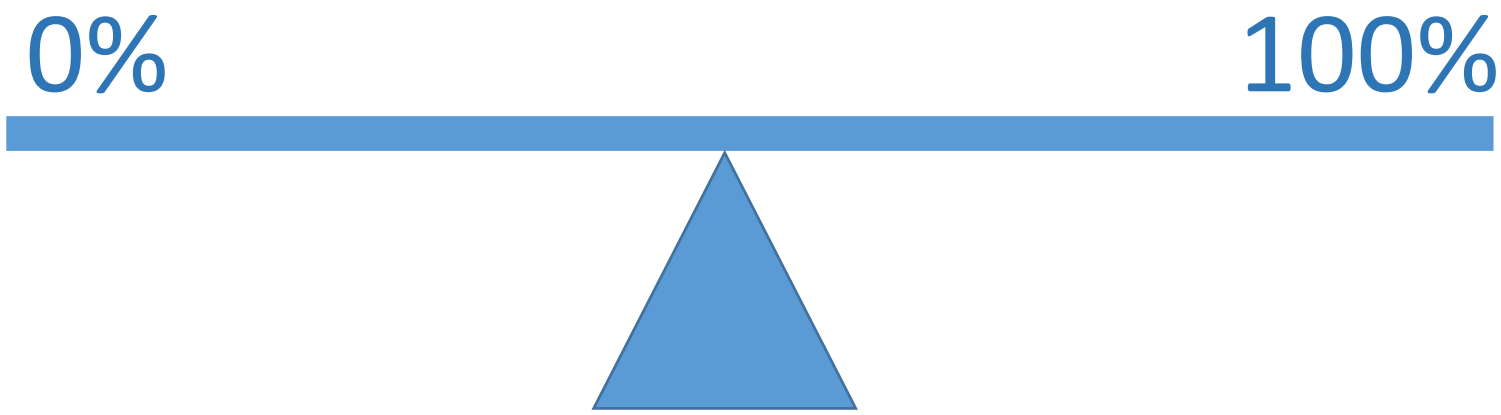
- Energy efficiency provides real value to all BPA customers.
- Policy should support investment in energy efficiency in the most cost-effective and most achievable way.
- The benefits of energy efficiency can and should be equitably allocated, recognizing investment and access.

Energy Efficiency



Energy Efficiency

- Some utilities may not have access to cost-effective energy efficiency.
- Larger utilities may have more achievable energy efficiency in their service territories or other benefits of scale.
- Key is to balance these factors in credits and future policy.



Augmentation

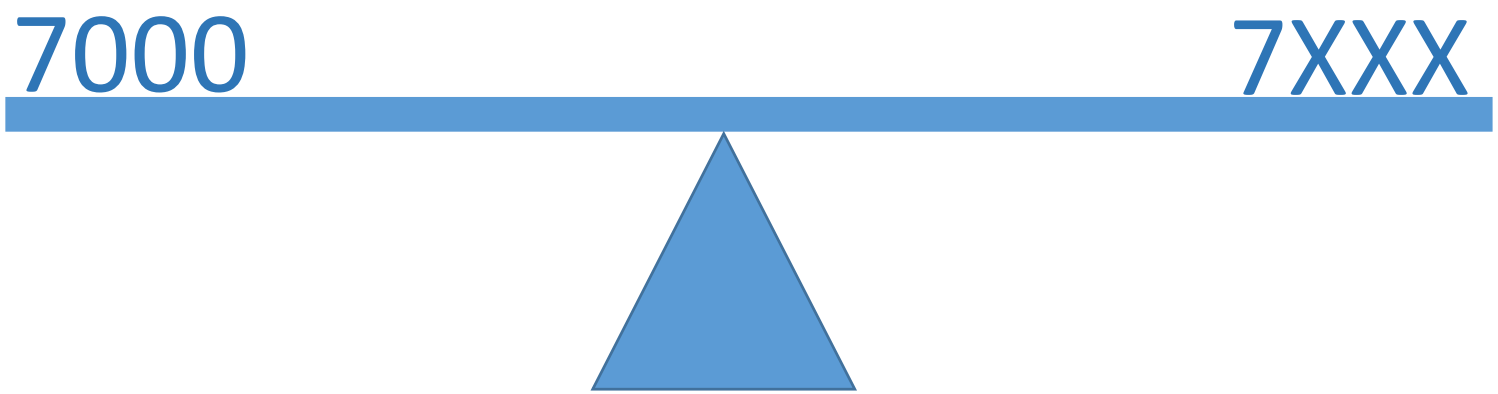
- A utility can be exposed to increased costs *through no action of their own*.
- Costs are uncertain (demand, supply chain, execution, opportunity, etc.).
- Load growth is uncertain (who, when, how much).

PF Rate Increase at different levels of Augmentation and New Resource Costs

Augmentation Amount	Augmentation Cost					
	$45.00	$50.00	$55.00	$60.00	$65.00	$70.00
200	0.5%	0.6%	0.8%	0.9%	1.0%	1.2%
300	1.0%	1.4%	1.8%	2.2%	2.5%	2.9%
400	1.5%	2.1%	2.8%	3.4%	4.0%	4.7%
500	2.0%	2.8%	3.7%	4.6%	5.4%	6.3%
600	2.4%	3.5%	4.6%	5.7%	6.8%	7.9%

Augmentation

- Where is the sweet spot?
  - Depends on your perspective…
    - Believe costs will be low or high?
    - Expecting load growth?



Flexibility vs Certainty

- Customer interests in both flexibility and certainty can act at cross purposes.
- Flexibility for one customer is often risk/cost for BPA and other customer.
- We want to create the certainty BPA or customers need to make long-term investments.
- Optionality and flexibility are different.

The Grand Coulee Dam in the winter. Courtesy of the Bureau of Reclamation.

Summary

- EWEB is a flat utility, impacted by all BPA cost buckets.
- We support WPAG's proposal or similar.
  - Create a solution where the majority of flat or declining utilities are served with Tier 1 day one of the next contract.
- We see the value in recognizing load growth and conservation interests even though this has a negative impact to our CHWM.