NRU Proposal to BPA

System Size, Allocation, and Augmentation

February 8, 2023

Starting Points
Retain Tiered Rates Post-2028
Tier 1 System Size "fixed" for term of Provider of Choice agreements. • CHWMs set for term of agreement; RHWMs eliminated.

Tier 1 System Size
7500 aMW baseline Tier 1 system plus possible additions listed below
• Newly formed public utilities. • Load growth for existing tribal utilities. • Small Utility Adjustment for small utilities – the lesser of double their initial Provider of Choice CHWM or 5 aMW. • Single, large loads lost during Regional Dialogue that return by Sept. 30, 2033. • If Columbia River Treaty is modified to result in more power available from the Federal Base System, that power would (a) take the place of any not-yet-committed to Tier 1 augmentation, and/or (b) increase the Tier 1 system size and increase CHWMs pro rata as determined by post-2028 TOCAs.

Allocation
Use a formula to establish Provider of Choice CHWMS for each preference utility based on their characteristics, including whether utilities have load that has grown, invested in conservation, lost resources. is a returning utility, and is a small utility[1]
• **Initial CHWM** – calculated using the lesser-of a utility's BP-24 RHWM or FY 2023 actual PF-eligible load, weather and irrigation season adjusted. • **Resource Removal** – Approved resource removal treated in a manner equivalent to load growth. (e.g., Clark PUD has 123 aMW of approved resource removal). • **Conservation Adjustment** – Provide a credit to a utility's CHWM equal to 50% of BPA-accepted self-funded conservation achieved from FY 2012 FY 2023. • **Renewable Investment/PURPA** – 100% credit for investments in renewable and PURPA resources brought online during Regional Dialogue. • **Load Growth Adjustment** – Provide a credit to a utility's CHWM equal to 50% of FY2023 loads that are above BP-24 RHWM. • **Pro Rata Adjustment** – Credit each utility's CHWM on a *pro rata* basis to achieve 7500 aMW system size. • **Final Provider of Choice CHWM is the sum of these factors for each preference utility**.

[1] If BPA does not agree to augment the Tier 1 system to 7500 aMW, as proposed here, then the agency would need to reconsider these proposed allocation mechanisms to provide additional consideration for residential load and to ensure that non-growing and slow growing utilities are not harmed by the decrease in available Tier 1 power.

Augmentation
Resource planning guides timing and type of resource acquisition(s)
• BPA will use best-method resource planning, leveraging BPA's Resource Program and the Council's Plan. • Load forecasts and projected acquisition timelines will guide timing of acquisitions. • BPA to acquire only non-carbon emitting resources. • Robust input from public power. • Billing credits available for utilities that develop new resources in lieu of augmentation placed in service after 2022 for post-2028 load service.

Serving Above High Water Mark Load
Provide customers with more than one Tier 2 product option and more than one opt-in option including: • Firm power in excess of CHWMS to be offered as Tier 2 product for Above-RHWM load service if it is available; priced at a rate equivalent to the Tier 1 rate. • Blended cost product from multiple acquired resources. • The ability for public power to opt into discrete resource acquisitions made by BPA. • Short-term and long-term options. • Joint Operating Entities may elect to have one CHWM or member utilities have individual CHWMs calculated • Shared Rate Plan is an option.
Except as otherwise provided in this proposal (*i.e.*, with Tier 2 products sourced from the Federal Base System), ensure Tier 2 pools costs are isolated from Tier 1 cost pool.
Integration policies that will better allow for non-federal resource development.

Additional Provisions
For Grant PUD's returning load, use last Block purchase as a proxy to calculate CHWM in manner equivalent to other preference customers.
Allow preference utilities to reallocate environmentally preferred power and attributes to enable utilities to claim a 100% carbon-free power product.
Transfer Service maintained as it operates today. Both Federal and Non-Federal Transfer Service continue to be rolled into power rates.
Irrigation Rate Discount maintained at similar level as today; examine qualifying loads and potential expansion of qualifying pool to the extent that it is also possible to expand total program benefit.
Low Density Discount (LDD) maintained at similar level as today, with adjustments to eligibility and "step downs" to avoid the rate cliff that is experienced today with slightly growing systems.