# Provider of Choice Workshop:

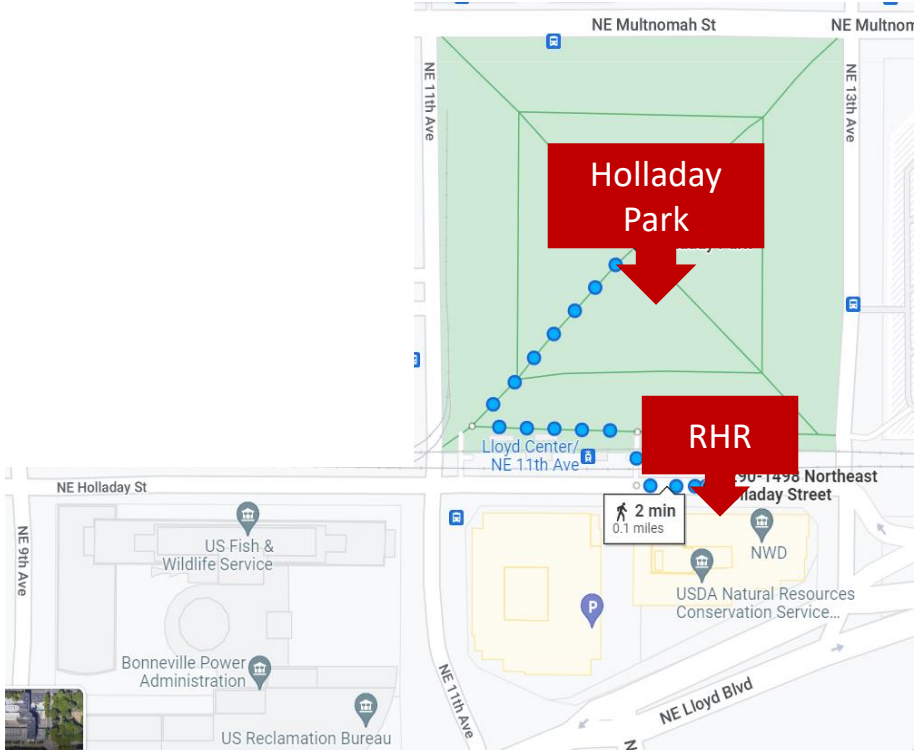
## Rate Construct, CHWM, and System Size Policy Intent & Design

January 24 and 25, 2023

PROVIDER OF CHOICE POST 2028

# Safety Moment

- The Rates Hearing Room has two exits.
- In the event an alarm sounds, please meet at Holladay Park across the street.



# Today’s Workshop

Michelle Lichtenfels, Program Manager, Provider of Choice

# Agenda

| Time Start | Time End | Topic | Presenter(s) |
|---|---|---|---|
| 1 pm | 1:15 pm | Welcome, Format, Workshop Expectations | Michelle Lichtenfels |
| 1:15pm | 1:30 pm | Overview | Kim Thompson |
| 1:30 pm | 2 pm | Rate Construct Policy Intent and Design | Sarah Burczak |
| 2 pm | 2:20 pm | B R E A K | |
| 2:20 pm | 3:45 pm | • CHWM and System Size Policy Intent and Design<br>• CHWM model demonstration | Sarah Burczak |
| 3:45 pm | 4 pm | Wrap up | Michelle Lichtenfels |

# Workshop Objectives

## DAY 1:

1. **Share out** concept updates
2. **Discuss how and where we landed** on intent and design
3. **Help clarify and promote understanding** of approach

## DAY 2:

1. Reflect on Day 1
2. Select and prioritize topics for Day 2 discussion
3. **Intent**: Identify areas of initial support and/or alignment
4. **Design**: Identify areas of initial support and/or alignment
5. Discuss areas of discord or concern

# Workshop Roles & Expectations

**Bonneville:** Provide open and inclusive opportunities for feedback.

**Participants:** Provide feedback and share perspectives.

**All**: Respect one another and assume good intentions.

Bring a constructive mentality.

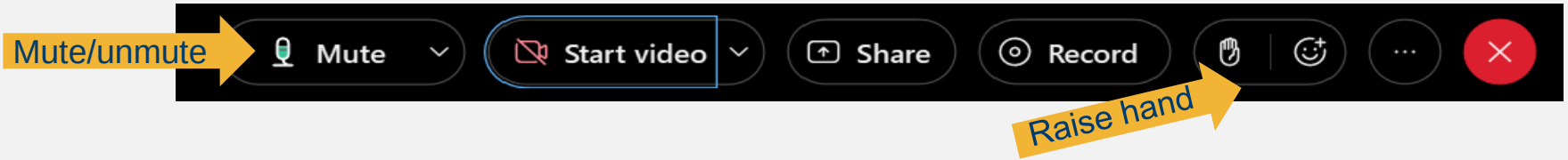
# Format

- Presenters will take pauses for questions.
- Questions will be addressed in the order received.
- Please state your name and organization.
- If a question/opportunity for feedback arises during a presentation, please:
  - **In-person**: Raise your hand in Webex or physically raise hand; when called on, use microphone to speak.
  - **Webex**: Write it in the Webex chat or raise your Webex hand; when called on, mute/unmute yourself.

**RHR Microphone:**

Press the horizontal button to turn on and off. **RED** icon and **RED** light on mic = **ON**


**Webex**:

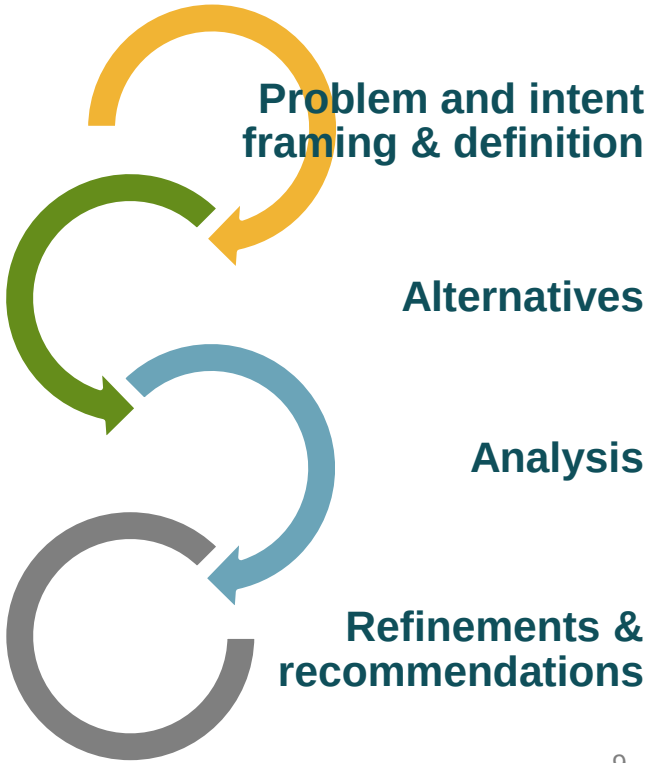


# Overview and Rationale

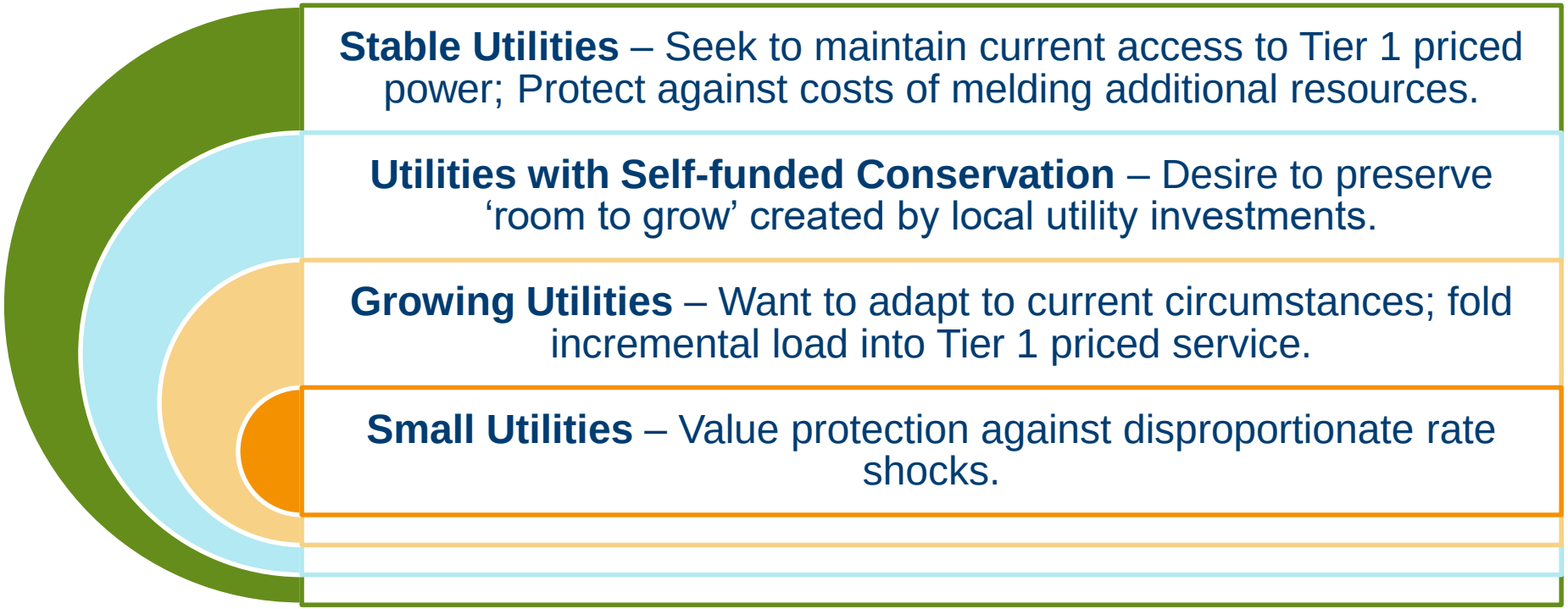
**Kim Thompson, Vice President of Requirements Marketing**

# Policy Development: An Iterative Process

- **Since the release of the Provider of Choice Concept Paper**, Bonneville has been taking in and contemplating customer positions shared during workshops, written informal comments, and customer proposals.
- **We have carefully considered** the approaches we now share today.
- **These policy elements together** reflect a purpose-driven, foundational policy platform upon which to build.



# Responsive to Interests



# Three Foundational Policy Elements

## Tiered Rates

- **Protect the value** of the federal system.
- **Insulate customers** from costs associated with others' load changes and resource decisions.
- **Enable customer choice** for growing load service.

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## CHWM Calculation

- **Enable effective firm resource planning** by resetting CHWMs at an earlier point in time.
- **Adjustments are responsive** to load and resource changes experienced while factoring in anticipated future needs.
- **Adjustments are consistent with Regional Dialogue policy objectives** associated with conservation and/or resource development.
- **A bottom-up calculation methodology provides basis** for Tier 1 system size.

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- **A bottom-up calculation methodology provides basis** for Tier 1 system size.

## Tier 1 System

- **Tier 1 system size** is a function of CHWM calculation methodology.
- **Provide certainty** in amount of Tier 1 service for duration of contract.
- **BPA resource planning guides** augmentation strategy, if needed, for BPA's Tier 1 obligations.

# Overview: Building Blocks

**Initial CHWMs:**
Lesser of BP24 RHWM or FY 2023 PF-eligible loads

**Conservation:**
Add 50% of BPA-accepted self-funded conservation

**Load Growth:**
Add 25% of 2023 loads above 2024 RHWM

**Resource Removal:**
Treat equivalent to load growth

**Returning Utilities:**
Past contract levels guide initial CHWM approach

**Tier 1 load obligation:**
Calculated as sum of these factors

**Small utilities:**
Introduce small utility CHWM adjustment allowance

# Building From Here

Foundational policy intent and proposed design elements provide **the basis for evaluating adjustments and proposed alternatives**.

Spring workshops will focus on **integrating compatible elements into the stack.**

Significant **design changes of one element may re-open** other elements up to further discussion.

# Policy Direction

**Intent** gives structure to design elements.

**Design elements** are movable – and they must work within BPA's intent.

# Rate Construct

Sarah Burczak, Policy Lead for Provider of Choice

# Rate Construct Intent & Design

## Intent

**Protect the value** of the federal system.

**Insulate customers** from costs associated with others' load changes and resource decisions.

**Enable customer choice** for growing load service.

PROVIDER OF CHOICE POST 2028

# Rate Construct Intent & Design

## Intent

**Protect the value** of the federal system.

**Insulate customers** from costs associated with others' load changes and resource decisions.

**Enable customer choice** for growing load service.

## Design

**Retain a tiered rate construct with two tiers:**

- Tier 1 comprises net requirement load below utility CHWM (mainly legacy T1 loads, with limited adjustments.)
- Tier 2 comprises BPA-served net requirement load above utility CHWM.
- Tier 1 take-or-pay mitigates inter-customer cost shifts.
- Shield Tier 1 from AHWM load service costs (whether services from BPA or customer)

# Maintaining Meaningful Distinctions

## At its purest, and as implemented in Regional Dialogue, tiered rates:

- Limited Tier 1 sales to existing resources (to avoid diluting the value of the resource base with new resource costs).
- Set Tier 2 rates equivalent to non-federal alternatives (to send a price signal neutralizing utility choices among alternative supply options).
- Charged at marginal costs for services provided by BPA/FCRPS resources.

# Meaningful Distinctions (Cont'd)

**The following concepts would blunt Tiered Rate effectiveness in a future Provider of Choice policy:**

- Significant Tier 1 augmentation that dilutes the FCRPS value.
- Socializing costs associated with independent nonfederal resourcing and/or resource integration.
- Creating "sub-tiers" would mute / complicate price signals.


BREAK

# Contract High Water Marks

Sarah Burczak, Policy Lead for Provider of Choice

# CHWM – Intent & Design

## Intent

- **Enable effective firm resource planning** by resetting CHWMs at an earlier point in time.
- **Adjustments are responsive** to load and resource changes experienced while factoring in anticipated future needs.
- **Adjustments are consistent with Regional Dialogue policy objectives** associated with conservation and/or resource development.
- **A bottom-up calculation methodology** provides basis for Tier 1 system size.

# CHWM – Intent & Design

## Intent

**Enable effective firm resource planning** by resetting CHWMs at an earlier point in time.

**Adjustments are responsive** to load and resource changes experienced while factoring in anticipated future needs.

**Adjustments are consistent with Regional Dialogue policy objectives** associated with conservation and/or resource development.

**A bottom-up calculation methodology** provides basis for Tier 1 system size.

## Design

**CHWMs are reset** for the next Power contract.

**CHWM adjustments are implemented** for headroom, conservation, load growth, resource removals.

**CHWM is established** for PF-eligible returning customer load.

# CHWM Calculation Elements

1. Index Year
2. Non-federal Resources
3. Base Allowance
4. Headroom Adjustment
5. Conservation Adjustment
6. Load Growth Adjustment
7. Scaling Adjustment
8. Returning Public Utility (Grant PUD)

# Determining PF-Eligible Load

## What it is:

**PF-Eligible Load =**

**Total Retail Load – New Large Single Loads – Dedicated Resources + Resources Removed**

- Only Priority Firm (PF)-eligible load can be considered for a CHWM. NLSLs are served at the New Resource (NR) rate and therefore do not qualify.
- BPA only serves an utility's as load net of a utility's dedicated resource capabilities, otherwise known as net requirement.

# 1. Index Year

**Design Treatment:** Use FY 2023.

**Rationale:**

- **By using the a near-horizon fiscal year (FY 2023),** customers can estimate their potential CHWM and undertake resource planning.
  - Helps ensure there is enough lead time.
  - Leverage potential funding opportunities from the Inflation Reduction Act.
- **An earlier year helps eliminate** concerns about potential economic or technology shifts in load (e.g. effect of electrification or efficiency uptake).
  - BPA still proposes to weather normalize this index year load using five years of historical load data.
- This option could also enable BPA to **initiate preparations for the CHWM calculation** to shorten the process time to calculate formal CHWMs in 2026.

# 2. Non-federal Resources

**What it is: There are multiple categories of non-federal resources (which are based on how the BP-24 billing determinant model classifies them).**

- Existing resources are based on existing resources included in Exhibit A. Data is based on the data provided in the BP-24 Initial Proposal.
- Small Non-dispatchable New Resource Treated Equivalently to an Existing Resource (SNEER), consumer-owned resource, and green exception resource amounts are included in Exhibit A.
- New specified resources are new resources included in Exhibit A.
- New unspecified resources are new resources included in Exhibit A.

# 2. Non-federal Resources (Cont'd)

## Design treatment:

- Existing Resources, SNEERs, consumer-owned, green exception and new specified resources reduce net requirements and will reduce PF-eligible loads.
- Unspecified Resources under RD will be *not* be counted against what is PF-eligible load.

## Rationale:

- By statute:
  - Dedicated resources reduce a utility's net requirement.
- By contract, unspecified resource commitments expire at the close of the Regional Dialogue contract.

# Resource Removal

**What it is: Resource removal is the amount of resource that has been approved to be removed from a utility's net requirement calculation.**

## Design treatment:

- Loads previously served by resources with approved resource removal are treated the same as any other load served by BPA or had been served by unspecified resources under Regional Dialogue.

## Implementation considerations:

- BPA would hold a process at the time or ahead of the CHWM calculation to determine resource removal eligibility. Resources will need to be removed by the end of the Regional Dialogue contract to qualify.

# 3. Base Allowance

**What it is: The base allowance is the number to which PF-eligible load is compared in order to determine headroom, conservation and load growth adjustments. The base allowance is established by CHWM and RHWM values from the bi-annual RHWM process.**

# 3. Base Allowance (Cont'd)

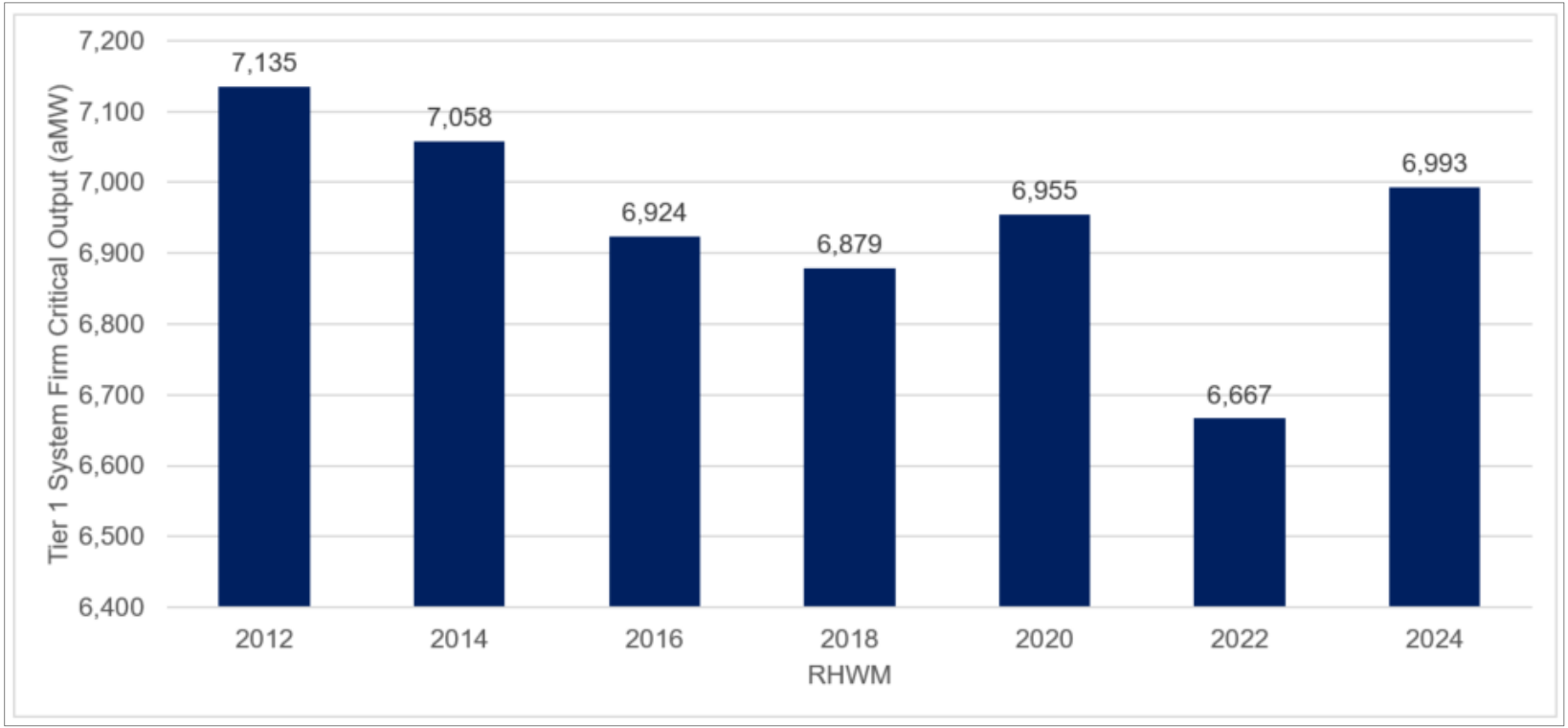
## Design treatment:

- The base allowance for the calculation will be equal to RHWMs for 2024.

## Rationale:

- The 2024 RHWMs take into account the shift to P10 firm monthly methodology from the 1937 critical water year firm methodology used prior to that.
- Why not 2022 RHWM? The Tier 1 system size used to set 2022 RHWMs was the lowest system size over the course of Regional Dialogue and would create the lowest starting point for a recalculation.
- BPA estimated what P-10 firm monthly would have looked like under BP-22 (6,885 aMW). However, no formal process to vet those inputs or determine RHWMs was conducted. BPA does not propose going back to retrofit that data.

# Tier 1 System Firm Critical Output



# 4. Headroom Adjustment

**What it is: The headroom adjustment applies to utilities whose Index Year PF-eligible load is lower than their base allowance. The adjustment subtracts the difference between Index Year PF-eligible load and the base allowance.**

## Design treatment:

- Headroom is not preserved, unless it is backed by a conservation adjustment.

## Rationale:

- CHWMs are based on loads at a point in time.
- Headroom increases BPA's obligation to secure firm resources and augment the system, thus driving up Tier 1 costs and diluting the federal system. This obligation brings additional considerations associated with environmental attributes.
- Only headroom from an adjustment backed by a policy driver should persist.

# Why is There Headroom Today?

**Today, there is 570 aMW of headroom in FY 2023 based on the current load forecast and assumptions. Factors include:**

1. Load loss over Regional Dialogue (general load loss, including early load loss from the Great Recession, or due to one specific load).
2. Conservation (both EEI and self-funding).

# 5. Conservation Adjustment

**What it is:**

- The conservation adjustment takes into account self-funded conservation achieved during a defined time horizon of the Regional Dialogue contract term.
- The adjustment determines what percent of self-funded conservation should be added back into the CHWM.
- This adjustment is not subject to headroom removal.

# 5. Conservation (Cont'd)

## Design treatment:

- Allow a conservation adjustment equal to 50% of self-funded conservation achieved from FY 2012 – FY 2023.
- Conservation must meet the requirements of the BPA Energy Efficiency Implementation Manual as enabled by the Energy Conservation Agreement (ECA).
- Conservation must be completed by end of FY 2023 and be reported to BPA in accordance with BPA's Implementation Manual.

# 5. Conservation (Cont'd)

## Rationale:

- Customers opted to invest in self-funded conservation to avoid or forestall or mitigate having Above-RHWM load.
- Self-funded conservation achievements reduced Tier 1 rates for all customers throughout Regional Dialogue; BPA does not collect for the cost of anticipated self-funded achievements.
- Reporting of cost-effective self-funded savings is a requirement in Regional Dialogue contracts.
- BPA must be able to verify and/or evaluate reported savings and BPA has established contractual mechanisms for reporting.
- Conservation acquired using EEI funds is not eligible.
  - EEI is a Tier 1 cost borne proportionally by all customers. As such, the outcome is that conservation is distributed proportionally to all customers, though local outcomes vary based on local utility program implementation.

# 6. Load Growth Adjustment

**What it is: The load growth adjustment applies to utilities whose PF-eligible load is greater than their base load. The adjustment is made by taking the difference between Index Year PF-eligible load and the base allowance and then determines the percent of load growth to be be added as part of the load growth adjustment.**

## Design treatment:

- Allow 25% of load growth to be included in CHWM reset. Load growth adjustment is calculated by looking at PF-eligible load in FY 2023 compared to the RHWM in FY 2024.

# 6. Load Growth Adjustment (Cont'd)

**Rationale:**

- Regional Dialogue had a goal to insulate customers from other customers' decisions on how to serve their loads and resulting costs. Including all load growth would not meet the intent of this goal.
- Maintaining inter-customer equity, including protection from cost shifts, remains an important consideration.
- That said, firm adherence to a CHWM that becomes increasingly outdated and disconnected from current conditions is overly rigid. Considering the above, a load growth adjustment should be included, but limited.

# 7. Scaling Adjustment

**What it is: Scaling adjustments can be applied that modify CHWMs to ensure the sum total of CHWMs do not exceed a specified system size.**

## Design treatment:

- No scaling treatment of the CHWM is proposed under this refined concept's approach.

## Additional considerations:

- If scaling proves warranted, two options have been identified – pro rata or load growth reduction.
- Pro Rata: All customers share an equal reduction in CHWMs if CHWMs exceed an agreed upon system size.
- Load Growth Reduction: Only customers with load growth adjustment would be subject to the pro rata scaling.

# 8. Returning Public Utility (Grant PUD)

## Design treatment:

Grant PUD, a returning public utility customer to BPA, will have the opportunity to retain what they may have received under Regional Dialogue with some adjustments:

| | |
|---|---|
| **PF-eligible Load in Index Year** | BPA will determine eligible load, using 2023 loads and resources. |
| **Base Allowance** | Use last known Block purchase amount as proxy. |
| **Headroom Adjustment** | Applied if there is headroom (e.g. Index Year PF-eligible load is less than base allowance proxy). |
| **Conservation Adjustment** | Only self-funded achievements reported against RD-covered loads. |
| **Load Growth Adjustment** | Applied if PF-eligible load is greater than the base allowance. |

# 8. Returning Public Utility (Cont'd)

**Rationale:**

- Tie CHWM treatment back to last known contract process.
- Conservation is based on savings reported to BPA in accordance with an established Energy Conservation Agreement.

# Other CHWM Considerations

## CHWMs are unique to an individual customer.

- BPA would not create a single CHWM for a joint operating entity. A joint operating entity's CHWM would be the sum of the joint operating entity's constituent members' CHWMs.
- This recognizes that membership can change over time and supports BPA's ability to continue administering all relevant contracts.

## No CHWM exchange or transfer option.

- CHWMs provide a unique signal to each utility to make decisions in how to serve additional load.
- BPA is open to retaining the Shared Rate Plan or successor concepts.

# Tier 1 System Size

Sarah Burczak, Policy Lead for Provider of Choice

# System Size Design & Intent

## Intent

**Tier 1 system size** is a function of CHWM calculation methodology.

**Provide certainty** in amount of Tier 1 service for duration of contract.

**BPA resource planning guides** augmentation strategy, if needed, for BPA's Tier 1 obligations.

# System Size Design & Intent

## Intent

**Tier 1 system size** is a function of CHWM calculation methodology.

**Provide certainty** in amount of Tier 1 service for duration of contract.

**BPA resource planning guides** augmentation strategy, if needed, for BPA's Tier 1 obligations.

## Design

**Fix Tier 1 sales** at initial levels for contract duration.

**BPA resource planning guides** timing and type of resource acquisition(s).

**Assumes a relatively "modest" amount of augmentation** to the existing federal system similar to what was contemplated for Regional Dialogue.

# Fixed System

## Design treatment:

- Fix the Tier 1 system equal to the initial CHWM system size for the duration of the contract.

## Rationale:

- A fixed system eliminates the uncertainty about what a utility's RHWM will be from rate period to rate period, leaving only load forecast uncertainty.
- BPA assumes the risk for changes in the federal system and would augment if necessary.
- It also assumes that customers would not benefit from small to moderate increases in the federal system. Firm power in excess of CHWMs could be offered for Above-RHWM load service if it is available; further conversations are needed on pricing.

# Augmentation

## Design treatment:

- Resource planning guides timing and type of resource acquisition(s).

## Implementation considerations:

- BPA will use best-method resource planning, leveraging BPA's Resource Program and the Council's Plan to optimize the type of resource(s) needed to meet needs.
- Load forecasts and projected acquisition timelines will guide timing of acquisitions.
- As noted at the Dec. 1 workshop, depending on the resource type of augmentation, BPA may need to acquire significantly more nameplate resources in order to meet an increased load service obligation.

# Federal System Changes

## Design treatment:

- If the federal base system size changes significantly, the policy must determine if RHWMs should be reset.

## Implementation considerations:

- Under a fixed system, BPA takes on the risk for routine fluctuations in the federal system firm capabilities.
- Seeking input on how to address potential significant firm capability changes (increase or decrease). Potential Options:
  a) BPA assumes risk of system decreasing or increasing and augments to meet load obligation if needed or sells additional energy as surplus, to benefit of customers.
  b) Establish a threshold for system changes to scale CHWMs (either down or up depending on change in federal system) and **predetermined approach**.
  c) Establish a threshold for system changes which could scale CHWMs and **process** through which adjustments would be determined and memorialized.

# Adjustment Categories

**BPA recommends four adjustment categories for adjusting the Tier 1 system size and CHWMs for Provider of Choice contracts:**

1. **Newly formed public utilities** placing net requirements on BPA,

2. **Load growth for existing tribal utilities** served by BPA, and

3. **To serve U.S. Department of Energy** Richland's vitrification plant's planned load.

4. **New Small Utility Adjustment** for small utilities – the lesser of double their initial Provider of Choice CHWM or 5 aMW.

# Small Utility Adjustment

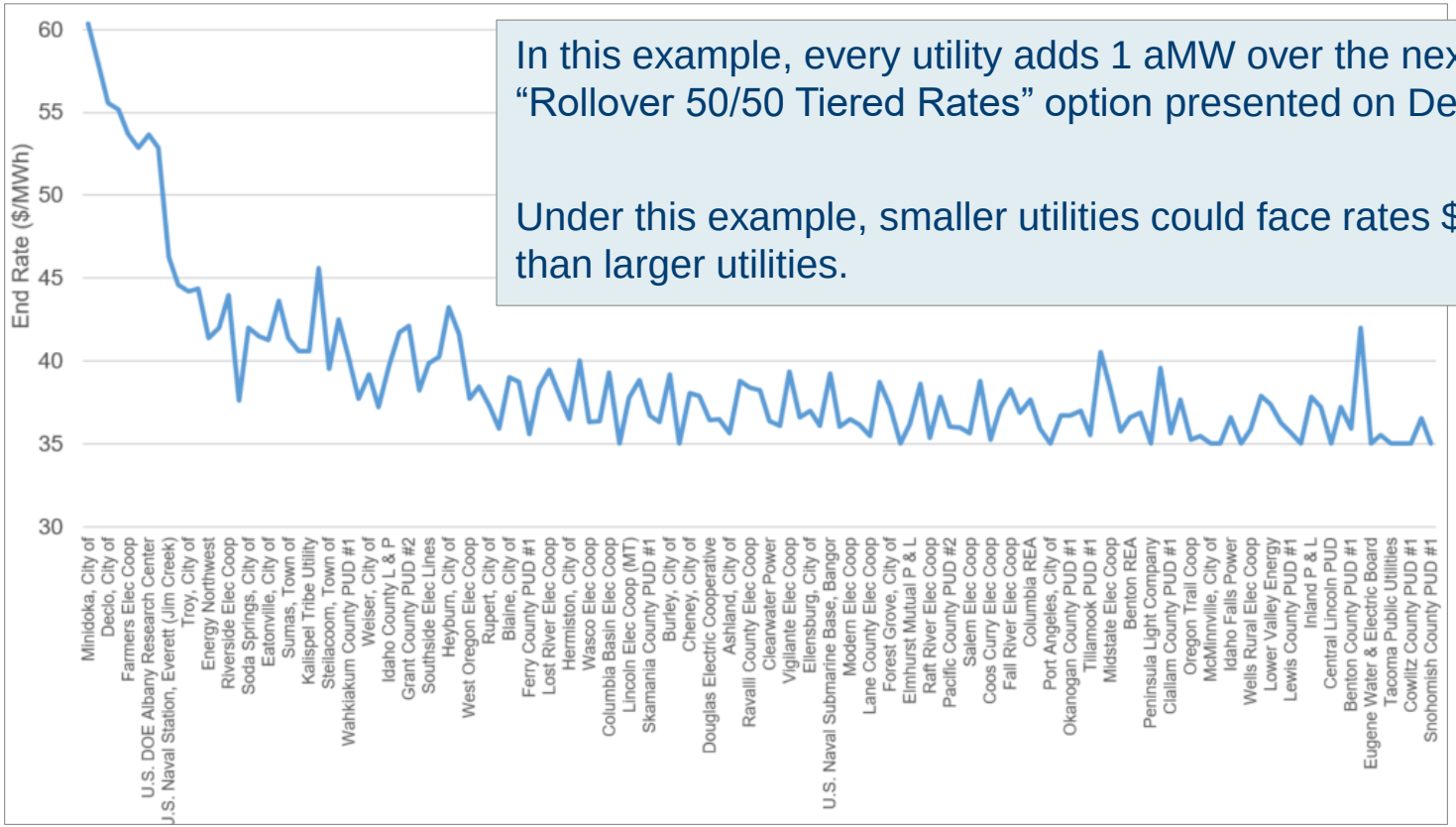
## Design treatment:

- Adjust very small utility (<5aMW) CHWM to reflect load growth, up to the lesser of double their initial (new) CHWM or 5 aMW.

## Rationale:

- Small customers see a greater rate impact for adding a small amount of load compared to larger customers. This is an unintended consequence of tiered rates, as smaller customers are more likely to see proportionally large changes than are large customers.
- In keeping with principle to eliminate headroom, this additional CHWM would only be granted as a utility's load forecast demonstrates need, similar to current adjustment category requirements.
- Total adjustment amount would be determined based on reset year. Based on updated model, this maximum amount of adjustments allowed would be 54 aMW.

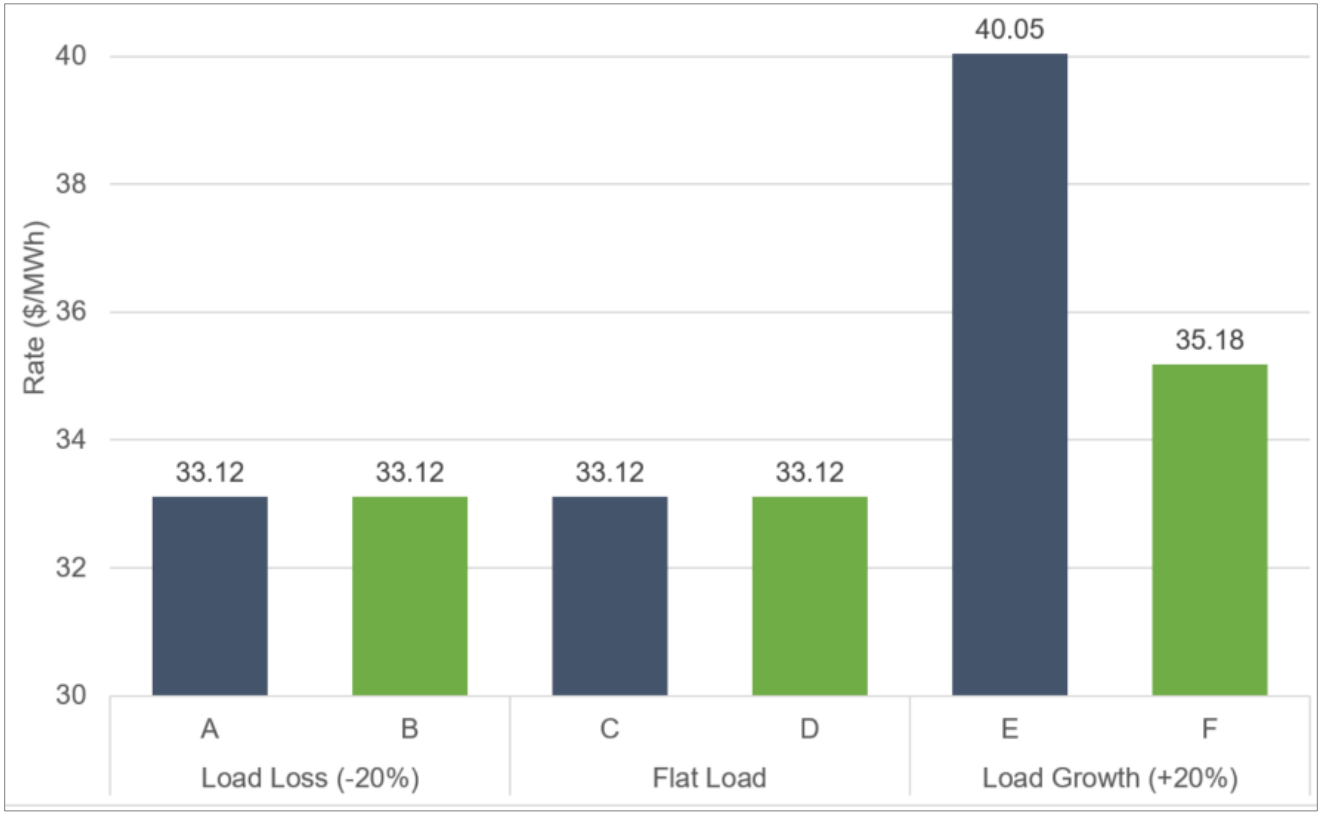
# Uniform Load Growth Assumption




In this example, every utility adds 1 aMW over the next contract term. The "Rollover 50/50 Tiered Rates" option presented on Dec. 1 is applied.

Under this example, smaller utilities could face rates $20-25/MWh higher than larger utilities.

# Comparison of Impact to Utility




**Example: Compare small utilities (blue) to large utilities (green) using Dec. 1 rate tool.**

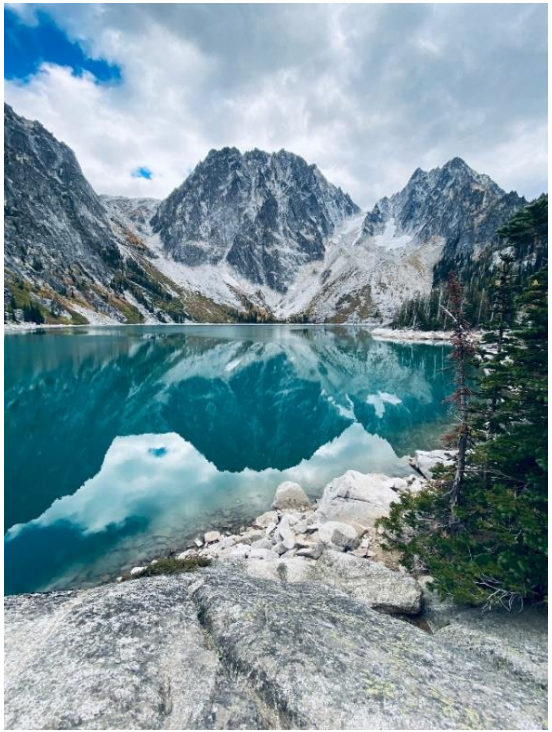
- This example shows a composite rate (Tier 1 & Tier 2 combined) at the end of the contract assuming no changes made to current tiered rates.
- If load is flat or declining, utility only pays Tier 1. If load grows, the assumption in this example is the growth is served at Tier 2 rate.
- In this example for 20% load growth, Utility E grew by just 0.8 aMW and Utility F utility grew by 143 aMW.


Time Check

# Reflections to Bring Back on Day 2

## Consider:

- What **resonated**?
- How **comfortable** are you with the proposed approach?
- Where are areas of **support** and/or **alignment**?
- Are there **cost shifts** that stand out?
- Where are the **priority** areas of refinement and discussion?
- **Other thoughts**?




D A Y
T W O

# Day 2 Agenda

| Time Start | Time End | Topic | Presenter(s) |
|---|---|---|---|
| 9 am | 10 am | • Recap<br>• Reflections on Day 1<br>• **Selection** and **prioritization** of topics for morning and afternoon discussion | All |
| 10 am | 10:20 am | B R E A K | |
| 10:20 am | 12 pm | • Discussion, topics TBD | All |
| 12 pm | 1:30 pm | L U N C H | |
| 1:30 pm | 2:30 pm | • Discussion, topics TBD | All |
| 2:30 pm | 2:50 pm | B R E A K | |
| 2:50pm | 3:45 pm | • Discussion, topics TBD | All |
| 3:45 pm | 4 pm | • Wrap up | Michelle Lichtenfels |

# Overview: Building Blocks

**Initial CHWMs:**
Lesser of BP24 RHWM or FY 2023 PF-eligible loads

**Conservation:**
Add 50% of BPA-accepted self-funded conservation

**Load Growth:**
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**Resource Removal:**
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**Returning Utilities:**
Past contract levels guide initial CHWM approach

**Tier 1 load obligation:**
Calculated as sum of these factors

**Small utilities:**
Introduce small utility CHWM adjustment allowance

# Day 1 Closing Poll – Reactions

| Question | % of Respondents |
|---|---|
| 1.Tiered Rates policy intent and rationale: Estimated level of alignment at this moment in time? | |
| A. Getting there | 51% |
| B. I'm on board | 18% |
| C. Significant discussions remain to be had | 31% |
| 2.CHWM policy intent and rationale: Estimated level of alignment at this moment in time? | |
| A. Getting there | 41% |
| B. I'm on board | 3% |
| C. Significant discussions remain to be had | 56% |
| 3.System size policy intent and rationale: Estimated level of alignment at this moment in time? | |
| A. Getting there | 44% |
| B. I'm on board | 15% |
| C. Significant discussions remain to be had | 41% |

# Day 1 Closing Poll – (Cont'd)

| 4.What topics would you like to focus on tomorrow, Wednesday, Jan. 25? Please select top 3-4 priorities: | |
|---|---|
| Tier 1 system size | 62% |
| Index year | 44% |
| Non-federal resources | 44% |
| Load growth adjustment* | 36% |
| Headroom adjustment | 23% |
| Conservation adjustment | 23% |
| Scaling adjustment | 23% |
| Returning public utility | 23% |
| Base allowance | 18% |
| Small utility adjustment | 18% |
| Tiered rates | 13% |

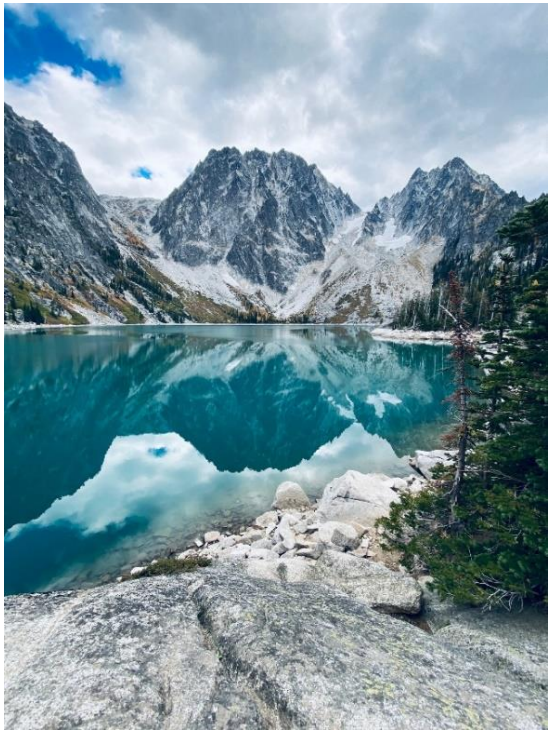


*This choice was missing from Webex survey but results from in-person survey were extrapolated

# Reflections on Workshop Day 1

## Consider:

- What **resonated**?
- How **comfortable** are you with the proposed approach?
- Where are areas of **support** and/or **alignment**?
- Are there **cost shifts** that stand out?
- Where are the **priority** areas of refinement and discussion?
- **Other thoughts**?



# Preliminary Data and Model

Sarah Burczak, Policy Lead for Provider of Choice

# CHWM Calculation Elements

| | |
|---|---|
| **1. Index Year** | FY 2023 |
| **2. Non-federal Resources** | All resource types are counted in determining eligible load. Allow any resource removal effective prior to FY 2028 to be PF-eligible load. |
| **3. Base Allowance** | 2024 RHWM |
| **4. Headroom Adjustment** | Remove headroom not preserved by conservation adjustment. |
| **5. Conservation Adjustment** | 50% of BPA-accepted self-funded conservation from FY 2012 – FY 2023. |
| **6. Load Growth Adjustment** | 25% of load growth (FY 2023 PF-eligible AWHM load compared to 2024 RHWM). |
| **7. Scaling Adjustment** | No scaling applied. Initial assessment: system size is 6,909 aMW. |
| **8. Returning Public Utility (Grant PUD)** | Use last Block purchase from BPA in lieu of a RHWM. |

# CHWM Model Demonstration


BREAK


DISCUSSION

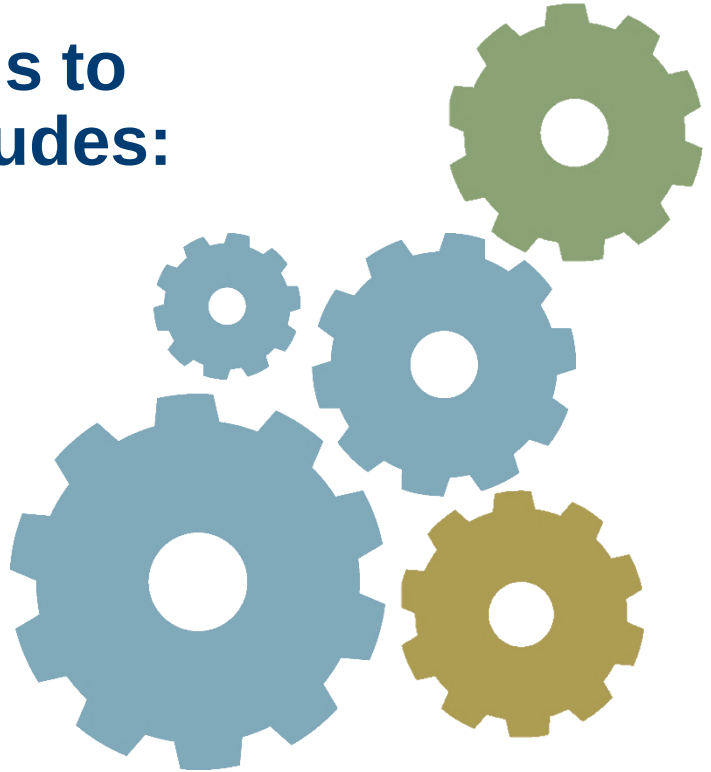
# Other Considerations

Sarah Burczak, Policy Lead for Provider of Choice

# Other Policy Concept Updates

## Policy direction & discussions to build into the foundation includes:

- Non-federal resources
- Transfer service
- LDD
- IRD
- Products
- AHWM service



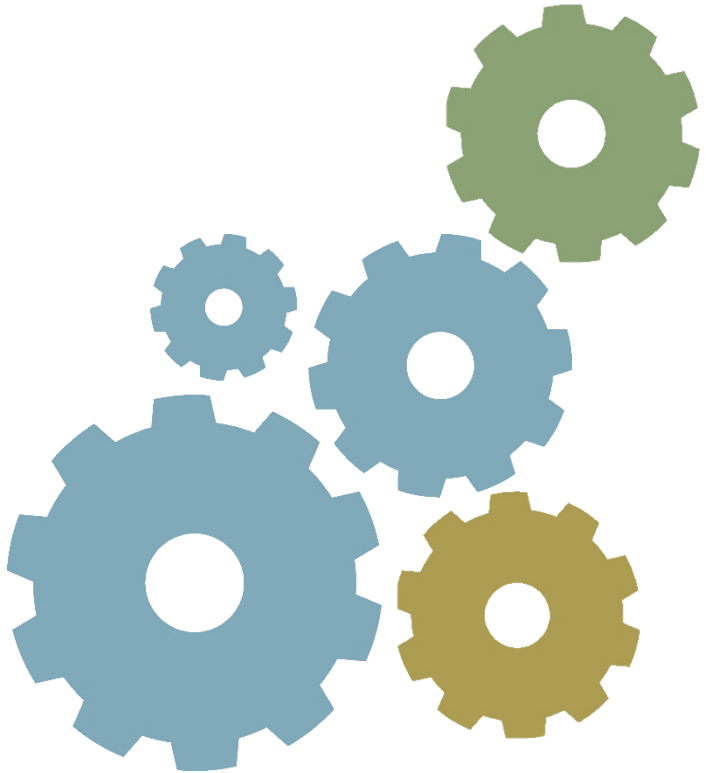
# Schedule & Feedback

Michelle Lichtenfels, Program Manager, Provider of Choice

# Next Steps

**Objective: Align on a framework for rate construct, system size and determining CHWMs.**

- Next workshops will layer in other policy elements.
  - What we've heard; intent; how they work within the framework established to-date.
- If we achieve alignment on approach, we can discuss proposed levels of adjustments if needed.



# Feedback

- Please share your initial feedback on the topics discussed during this workshop. We recognize policy discussions are ongoing and iterative.
- Feedback received by **Friday, Feb. 3** can help inform the **Feb. 9** workshop.
- Please send to your Power AE and/or **Post2028@bpa.gov** with a copy to your Power AE.
- Please note that direct responses will not be provided.

# Mark Your Calendar

| Date | Time | Location | Workshop Topics | Post-Workshop Feedback Request Date |
|---|---|---|---|---|
| February 9, 2023 | 9 am – 4 pm | Webex only | • Reflections/feedback on 1/24-25 policy discussion<br>• Est'd updates on transfer, non federal resources; markets presentation | February 17 |
| February 21, 2023<br>February 22, 2023 | 1 pm – 4 pm<br>9 am – 4 pm | BPA Rates Hearing Room and Webex | • Discuss policy package<br>• Updates from Peak Net Requirements Task Force | March 3 |
| March 9, 2023 | 9 am – 4 pm | Webex only | • Discuss policy package<br>• Updates TBD | March 17 |
| March 21, 2023<br>March 22, 2023 | 1 pm – 4 pm<br>9 am – 4 pm | BPA Rates Hearing Room and Webex | • Discuss policy package<br>• Updates on LDD/IRD | March 31 |
| April 2023 | TBD | TBD locations throughout region | • Summary of draft policy direction developed to-date | TBD |

# *Thank You.*

## Provider of Choice Lead Sponsor:

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## Find Us:

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Provider of Choice - Bonneville Power Administration (bpa.gov)

PROVIDER OF CHOICE

# Reference Material

# Provider of Choice Goals & Principles

## GOALS

1. **Regionally supported** Provider of Choice policy and contracts.
2. The Federal Base System is **fully subscribed** to supply customers' net requirements.
3. Product and service offerings **are equitable**.
4. Contracts offer customers **flexibility** to invest in and integrate non-federal resources.
5. Contracts **support** customers meeting national and regional objectives.
6. Administratively **straightforward and implementable** contracts.
7. Provider of Choice policy and contracts **build on a long history** of stewardship and regional relationship.

## PRINCIPLES

1. Tier 1 firm power rates are set at the **lowest possible** rates consistent with sound business principles.
2. Provider of Choice policy and contracts are **consistent** with Bonneville's statutes.
3. Contracts provide long-term supply of electric power through **standardized** products and services and **transparent** processes.
4. Provider of Choice policy and contracts provide **financial stability** for Bonneville and support Bonneville's regional obligations and commitments.