



# Slice/Block Product

May 29 and 30, 2024



# Agenda for May 29 and 30

1. Discussion of Slice/Block inherent features, incidental uses, and risks.
2. Scope of Slice/Block product design sprint and what is in scope later in process.
3. Load service and surplus – how it works today v. how it works under a day-ahead market.
4. Day-ahead Slice/Block product mechanics.
5. Design concerns around customer proposal.





# **Slice Features, Benefits, and Risks**



# Objective

- Alignment in understanding what Bonneville considers an inherent feature v. incidental use of the Slice/Block product.
- Discussion around features or uses customers would like to retain in future product.
- Discussion on changes in industry risks and changes to Slice/Block risk profile.

## Regional Dialogue Slice/Block from Customer Perspective

### Inherent Feature

- Slice percentage includes both sale of firm requirements power and an advanced sale of surplus.
- Slice portion is shaped to the federal system output rather than load shape.
- Block portion provides a flat energy.
- Monetize surplus inventory independent and separate from Bonneville's trading floor.
- Ability to recognize inventory value immediately and explicitly rather than on rate period by rate period basis through net secondary revenue credit.
- Flexibility in how non-federal resources are operated.

## Regional Dialogue Slice/Block from Customer Perspective

### Incidental Use

- Ability to use surplus to serve firm load.
- Ability to shift Slice Right to Power to ramp up or down to integrate non-federal resources.
- Access to inventory that gives customers ability to serve non-PF-eligible, or Above-CHWM, load through commercial transactions on a variety of time horizons. Derives financial value that is key to some customers.

## Regional Dialogue Slice/Block from Customer Perspective

### Risks

- Carry a portion of Bonneville's water year risk that generation may not be available in any given year.
- Ability to choose level of risk in managing load/resource balance.



# Discussion

- BPA intends to maintain inherent features but not necessarily incidental uses. What features or incidental uses are customers looking to prioritize?
- What risks are shifting? Do those need to be mitigated or are those risks inherent to the product?



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