

Contract High Water Mark (CHWM) Implementation Policy (CHWM Policy) Comments and Initial Responses

February 2025

The Bonneville Power Administration (Bonneville) received six comments on the draft CHWM Policy published in October 2024. Below are initial responses to the comments and updates on changes made.

Bonneville will publish the final CHWM Policy and a full response to comments in August 2025 alongside the Contract Record of Decision. The final CHWM Policy will include any changes made as a result of contract finalization as well as final determinations on resource removal requests.

Issue 1: Should Bonneville extend the comment period length for the FY 2026 CHWM calculation?

Policy Proposal

Bonneville proposed in Section 2.1 of the CHWM Policy: “The publication of the draft CHWMs will kick off a two-week public comment period.” CHWM Policy at 2.

Response

Bonneville will change the comment period length for the fiscal year (FY) 2026 CHWM Calculation Process to require a minimum of 10 business days. Bonneville will continue to refine its timeline for the FY 2026 CHWM Calculation Process and will seek input from customers whether a longer comment period is needed. Bonneville will determine the length of the comment period and state such a timeline when it publishes draft CHWMs. Bonneville updated Section 2.1 of the CHWM Policy.

Issue 2: Should Bonneville offer a dispute resolution process for the Above-CHWM Load Process?

Policy Proposal

Bonneville defined a dispute resolution process in Section 2.1.1 of the CHWM Policy. The section described what may trigger a dispute resolution, how customers submit requests, and outlines how Bonneville would conduct the process with a third-party neutral.

Section 3 of the CHWM Policy, which covers the Above-CHWM Load Process, did not mention a dispute resolution process.

Response

Bonneville will maintain the CHWM Policy as drafted and (1) retain the dispute resolution process defined for the FY 2026 CHWM Calculation Process, and (2) not extend such dispute resolution process to the Above-CHWM Load Process. Bonneville intends for the Above-CHWM Load Process to be constrained to basic calculations that are defined within the Provider of Choice CHWM contract. Changes to individual customer CHWMs will be made during the Above-CHWM Process consistent with the CHWM Policy and pursuant to the terms of a customer's individual contract.

[Issue 3: Should Bonneville be less specific on the timing of load forecasts for determining preliminary net requirements?](#)

Policy Proposal

Section 3.1 of the CHWM Policy stated:

Bonneville will calculate a Preliminary Net Requirements for each fiscal year of the upcoming rate period to ensure that it considers only load that is eligible to be served at a PF rate in the Above-CHWM Load Process. The Preliminary Net Requirements will be based on the load forecast provided by December of the previous year pursuant to Provider of Choice CHWM Contracts and resource amounts will be based on Exhibit A values.

CHWM Policy § 3.1.

Response

Bonneville will retain the reference to the December forecast deadline but will include a provision to allow use of a more recent forecast if mutually agreed upon between Bonneville and the customer. Bonneville has updated Section 3.1 of the CHWM Policy.

[Issue 4: Should Bonneville change language regarding Above-CHWM load amounts and rounding to be inclusive of Public Rate Design Methodology \(PRDM\) provisions?](#)

Policy Proposal

Section 3.3 of the CHWM Policy proposed:

Bonneville will determine a customer's Above-CHWM load amounts, if any, for each year of the rate period by taking a customer's Preliminary Net Requirements in each year of the rate period and subtracting their new CHWM. Bonneville will publish customer Above-CHWM load amounts for each year of the upcoming rate period.

If a customer's Above-CHWM load amounts in any year of the rate period are less than 1 [average megawatt (aMW)], the customer's Above-CHWM load

amount may be subject to rounding pursuant to Exhibit C of their POC CHWM Contract.

CHWM Policy § 3.3.

Response

Bonneville intended that Exhibit C capture the operational convenience language in the PRDM although in the POC CHWM contract it refers to the PRDM provisions as rounding provisions. Despite the difference in language, Bonneville intended for the Exhibit C election to mirror the concept outlined in the PRDM. Bonneville will continue to monitor finalization of Exhibit C and the PRDM to determine whether changes are required to the final CHWM Policy to capture this. Bonneville has updated Section 3.3 of the CHWM Policy to clarify when rounding will be applied.

[Issue 5: Should Bonneville set Midstate Electric Cooperative's \(Midstate\) Gilchrist Forest Products \(Gilchrist\) resource to 0 aMW for the FY 2026 CHWM calculation?](#)

Policy Proposal

Attachment A of the CHWM Policy listed Midstate's consumer owned Gilchrist resource at 0.522 aMW.

Response

Bonneville agrees with Midstate's request to remove the Gilchrist generation from the calculation of Midstate's CHWM. Bonneville has updated Midstate's Gilchrist consumer owned resource CHWM Calculation Amount in Attachment A to 0 aMW.

[Issue 6: Should Bonneville expedite resource removal determinations?](#)

Policy Proposal

Section 2.4.1.2 of the POC Policy described which non-federal resources Bonneville will include in the FY 2026 CHWM calculation. It stated, "If the Administrator grants a permanent resource removal, the removed resource will not be included in the Provider of Choice CHWM calculation." POC Policy at 19.

Attachment A of the CHWM Policy included resource note C which stated:

The customer requested a resource removal determination for this resource by the October 2024 deadline. Bonneville is evaluating the request. If BPA determines resource removal is appropriate, the resource will be removed by September 30, 2028, and will not be included in the FY 2026 CHWM calculation.

CHWM Policy § Attachment A.

Response

Bonneville evaluated whether to expedite its resource removal determination process and decided to retain the original schedule. The timeline was scheduled according to staff availability and ensured timely delivery of determinations for key points in the POC process. The timeline also ensured that customers received determinations ahead of contract offer preparation and the FY 2026 CHWM calculation.

Issue 7: Should Bonneville clarify how Packwood participants are treated for Attachment A?

Policy Proposal

Section 2.2.3 of the CHWM Policy stated, “Bonneville will use the resources listed in a customer’s Regional Dialogue Exhibit A.”

Response

Bonneville will use Regional Dialogue Exhibit A non-federal resource amounts, as published in Attachment A of the CHWM Policy for the FY 2026 CHWM calculation. Therefore, any changes that were made for a customer’s Provider of Choice Exhibit A non-federal resource amount for Packwood will not affect the participant’s CHWM calculation. Bonneville also recognizes that shares of Packwood have been assigned among the customers at different points in time during the Regional Dialogue contract period. Nevertheless, Bonneville will use the shares as described in Exhibit A as it does for other customer non-federal resources.

Issue 8: Should Bonneville treat changes to Exhibit A non-federal resource amounts for Provider of Choice the same way it is treating resource removals?

Policy Proposal

Section 2.2.3 of the CHWM Policy stated, “Bonneville will use the resources listed in a customer’s Regional Dialogue Exhibit A.”

Section 2.4.1.2 of the POC Policy stated:

Bonneville acknowledges that some customers may request a permanent removal of a specified resource, as it is defined in the Regional Dialogue contracts and consistent with Bonneville’s 5(b)9(c) Policy before the expiration of the Regional Dialogue contracts on September 30, 2028. If a customer intends to pursue a permanent resource removal, Bonneville will consider removing that resource from the PF-eligible load determination for the CHWM calculation...If the Administrator grants a permanent resource removal, the removed resource will not be included in the Provider of Choice CHWM calculation.

POC Policy § Section 2.4.1.2.

Response

Bonneville will not update the CHWM Policy to use Provider of Choice Exhibit A non-federal resource amounts in the FY 2026 CHWM calculation nor will it treat changes in amounts from Regional Dialogue to Provider of Choice to be treated as a resource removal.

Issue 9: Should Bonneville address data errors in CHWM calculation model?

Policy Proposal

The CHWM Policy did not address the CHWM calculation model published by Bonneville.

Response

Bonneville provided an updated CHWM calculation model alongside the final Provider of Choice Policy to reflect final policy decisions and included a disclaimer that the data included in the model was estimates. An updated version of the model published in October 2024 included references to when and where data inputs to the model would be reviewed ahead of the FY 2026 CHWM calculation. Bonneville will update the model as better information becomes available in accordance with the processes defined in the model.

Issue 10: What are the appropriate non-federal resource amounts for Pend Oreille County Public Utility District (Pend Orielle)?

Policy Proposal

Attachment A of the CHWM Policy listed the following resource amounts for Pend Oreille:

BES	Customer Name	Resource Name	FY 2023 Exhibit A Amount (aMW)	CHWM Calculation Amount (aMW)	Resource Notes
10306	Pend Oreille County PUD #1	Boundary Dam	0.000	0.000	
10306	Pend Oreille County PUD #1	Boundary Encroachment on Box Canyon Dam	3.581	3.581	
10306	Pend Oreille County PUD #1	Box Canyon Dam (Serving General Requirements)	10.020	10.020	
10306	Pend Oreille County PUD #1	Box Canyon Dam (Serving NLSL)	30.011	0.000	H
10306	Pend Oreille County PUD #1	Calispell Creek	0.300	0.000	B
10306	Pend Oreille County PUD #1	Kalispel Settlement for Box Canyon	0.830	0.000	P

CHWM Policy § Attachment A.

Response

Bonneville will adopt a formula approach to determining the non-federal resource amounts for Boundary and Box Canyon, which is similar to how Bonneville determined the amounts under Regional Dialogue. Bonneville will calculate the actual non-federal resource amounts by taking the aggregation of Pend Oreille's Regional Dialogue Exhibit A Boundary and Box Canyon non-federal resource amounts and then subtracting the NLSL amount. Bonneville will first reduce the amount listed for Boundary and then reduce any remaining amount via Box Canyon.

Bonneville has updated Pend Oreille's Attachment A resource amounts and associated footnotes in the CHWM Policy to reflect these calculations.

Issue 11: Should Bonneville update the Above-CHWM Load Process final amounts if forecasts change or an annexation occurs?

Policy Proposal

The CHWM Policy did not contemplate posting updated Above-CHWM Load Process final amounts.

Response

In the January 23, 2024, workshop, participants requested that Bonneville update the Above-CHWM Load Process in the event of a forecast update, as allowed in Section 17.6.4 of the POC CHWM Contract, or if a customer annexes or cedes load, as described in Sections 1.2.1 through 1.2.4 of Exhibit B of the POC CHWM Contract. Bonneville agreed to update contract language in the workshop. Bonneville updated Section 3.4 of the CHWM Policy to align with those contract commitments.