**Reservation of Rights:** *All draft Provider of Choice (POC) contract language presented by BPA for discussion is subject to ongoing review and revision. Prior to finalizing the POC contract templates, BPA will publish complete contract templates for public review and comment. BPA acknowledges that failure to offer edits or comments on this document does not preclude a stakeholder from offering edits or comments during the formal public review.*

**Definitions**

*Reviewer’s Note: New definition*

“Vintage Resource” means the output of a physical resource that BPA determines, in its sole discretion, to acquire for a period of greater than three years and that forms the cost basis for pricing Firm Requirements Power subject to an established Tier 2 Vintage Rate.

*Reviewer’s Note: Provider of Choice working definition*

“Tier 2 Vintage Rate”means a Tier 2 Rate at which customers may elect to purchase Firm Requirements Power in accordance with section 2.5 of Exhibit C.

*Reviewer’s Note: Provider of Choice working definition*

“Statement of Intent”means a statement prepared by BPA and signed by «Customer Name» that describes the approach and cost structure that will be used for a specific Tier 2 Cost Pool.

**Summary of Changes**

Section 2.5 covers the Tier 2 Vintage Rate Alternative. BPA will offer a Vintage Alternative for customers electing to serve Above-CHWM Load with the flexible path. The process for requesting and committing to purchase power at a Tier 2 Vintage Rate is different from Regional Dialogue. The CHWM Contract will append the contractual vehicle, which will be a Statement of Intent (SOI), and will capture any amounts of Vintage Resource being requested.

Section 2.5 states that BPA will decide on whether a specific resource that is acquired will form the cost basis upon which a Tier 2 Vintage Rate will be offered. BPA will make the determination as to whether or not to establish and offer the rate.

In section 2.5.1, BPA is proposing that the terms and conditions applicable to the Vintage Resource will be included in a Statement of Intent (SOI), and BPA indicates when a SOI becomes binding for a customer, rather than exploratory.

Section 2.5.2 establishes the Tier 2 Vintage Rate and addresses how the rates will be assessed if BPA offers a Vintage Rate.

Section 2.5.3 explains the acquisition of a Vintage Resource and BPA’s process for notifying customers that it has completed an acquisition.

Section 2.5.4 describes when BPA’s acquisition process becomes binding. The section also states that if BPA does not acquire the resource, then the SOI will terminate.

Section 2.5.5 explains what happens if BPA receives requests from customers to purchase amounts of Firm Requirements Power subject to a Tier 2 Vintage Rate that exceed what is available through the RFO process. The SOI will contain the provisions on how BPA will address this event in that instance.

Section 2.5.6 reflects the approach shared in the PRDM that explains the way BPA will handle a customer having Tier 2 Vintage Amounts in excess of Above-CHWM Load.

Section 2.5.7 states that a customer is able to purchase power at both a Tier 2 Short Term and Tier 2 Vintage Rate, and that BPA has the discretion to offer that to a customer.

Section 2.5.8 captures the Tier 2 Vintage Rate Election amounts and states the timelines to update Exhibit C. The table will capture the SOI reference number, to connect the amounts of power provided at the Tier 2 Vintage Rate and the SOI.

**For the December 11 Workshop, based on comments received and through internal BPA discussion since the October 15th workshop:**

Section 2.5.4.3 describes the process and timing for how BPA determines the Maximum Amount of Firm Requirements Power at Tier 2 Vintage Rate that a customer would be eligible to purchase from BPA. This will align with the creation of the RFO so that BPA can develop the most relevant approach to forecasting the amount when such an acquisition is made available as a Vintage Resource.

Section 2.5.4.4 describes how BPA will address the commencement of the Vintage Resource when the timing of the resources being made available does not align with either a rate period or any elections a customer has made prior to the Vintage Resource being offered. This is when a customer has made prior elections for both their overall Tier 2 election (Options A-D in Exhibit C, Section 2.1) and for any Tier 2 Long-Term election stated in Exhibit C section 2.4.

Section 2.5.6 was adjusted to clarify that BPA will have the sole discretion on how it handles any Vintage Resource amounts that exceed a customer Above CHWM amount. The excess would not be an advanced sale of surplus but will be treated as an amount of power that is sold at a surplus rate equivalent to the Tier 2 Vintage Rate.

**Exhibit C**

**PURCHASE OBLIGATIONS**

2.5 **Tier 2 Vintage Rate Alternative**

If «Customer Name» elects option B, C, or D under section 2.1 above, then «Customer Name» is eligible to purchase Firm Requirement Power at a Tier 2 Vintage Rate, if offered by BPA, as described in this section 2.5. For purposes of this section 2.5, “Vintage Resource” means the output of a physical resource that BPA determines, in its sole discretion, to acquire for a period of greater than three years and that forms the cost basis for pricing Firm Requirements Power subject to an established Tier 2 Vintage Rate. BPA may offer to sell Firm Requirements Power at a Tier 2 Vintage Rate whenever it acquires a Vintage Resource.

BPA shall notify customers with a CHWM Contract at least 60 calendar days prior to making a Request For Offer (RFO) for a Vintage Resource. Within 30 days of such notice, «Customer Name» shall notify BPA of the amount of Firm Requirements Power it will purchase from BPA at a Tier 2 Vintage Rate associated with the Vintage Resource.

Following the close of the RFO, BPA shall determine, in its sole discretion, whether to proceed with acquiring the Vintage Resource. If BPA decides to proceed with acquiring the Vintage Resource, then BPA will notify «Customer Name» of the available quantity, if any, of Firm Requirement Power that customer is eligible to purchase at the Tier 2 Vintage Rate, and the estimated Tier 2 Vintage Rate. «Customer Name» shall execute a Statement of Intent, as stated in section 2.5.1 below, to purchase identified amounts of Firm Requirements Power at the applicable Tier 2 Vintage Rate. The Statement of Intent will include the process and timing to elect the Vintage Alternative and execute a Statement of Intent.

2.5.1 **Statement of Intent**

If «Customer Name» elects to purchase Firm Requirements Power from BPA at Tier 2 Vintage Rates, then «Customer Name» shall sign a Statement of Intent provided by BPA which will state the amount of power «Customer Name» commits to purchase at a Tier 2 Vintage Rate. The Statement of Intent will be binding unless BPA does not complete the acquisition of the Vintage Resource consistent with section 2.5.3 below.

2.5.2 **Tier 2 Vintage Rate**

BPA shall determine the applicable Tier 2 Vintage Rate in accordance with the PRDM and applicable Wholesale Power Rate Schedules and GRSPs. BPA will restate in the Statement of Intent the applicable Tier 2 Vintage Rate for the Vintage Resource.

2.5.3 **BPA Acquisition of Vintage Resource**

If BPA acquires the Vintage Resource, then BPA shall notify «Customer Name» that the acquisition is complete and update the table in section 2.5.8 below with the amount of Firm Requirements Power sold at a Tier 2 Vintage Rate and the contract number for the Statement of Intent. If BPA does not complete the acquisition of the Vintage Resource, then BPA shall notify «Customer Name» and the Statement of Intent will become null and void. If BPA does not complete the acquisition, then «Customer Name»’s current elections for service to its Above-CHWM Load above shall continue to apply.

2.5.4 **Additional Provisions Applicable to the Statement of Intent**

2.5.4.1 **Additional Terms and Conditions in Statement of Intent**

In addition to paying the Tier 2 Vintage Rate, «Customer Name» will also be subject to such additional terms and conditions associated with its selection of the Tier 2 Vintage Rate as described in the Statement of Intent. Such additional terms may include, but are not limited to, liquidated damages, if applicable, associated with the purchase of the Vintage Resource.

2.5.4.2 **Duration of Statement of Intent**

The Tier 2 Vintage Resource amounts applied to serve «Customer Name»’s Above-CHWM Load under this Agreement will not apply beyond the expiration of this Agreement, except as stated in the Statement of Intent.

2.5.4.3 **Maximum Amount of Firm Requirements Power at** **Tier 2 Vintage Rate**

The maximum amount of Firm Requirements Power «Customer Name» is eligible to purchase at a Tier 2 Vintage Rate will be equal to the annual maximum forecast of «Customer Name»’s flexible Above‑CHWM Load amounts of «Customer Name»’s election under section 2.1, minus any Dedicated Resources serving «Customer Name»’s Above‑CHWM Load. BPA will develop the annual maximum forecast of «Customer Name»’s flexible Above-CHWM Load amounts at the time BPA issues the RFO for the Vintage Resource. Such forecast shall apply for the term of BPA's acquisition of the Vintage Resource or this Agreement, whichever occurs first.

2.5.4.4 **Commencement of the Vintage Resource**

«Customer Name»’s Statement of Intent shall include procedures for how BPA will address the availability and timing of a Vintage Resource, if the timing of such Vintage Resource is not concurrent with the timing of any elections made by «Customer Name» in sections 2.1 and 2.4 of this exhibit.

2.5.5. **Multiple Requests for Vintage Resource**

«Customer Name»’s Statement of Intent shall include procedures for how BPA will address multiple requests for Firm Requirements Power sold by BPA at a Tier 2 Vintage Rate if the aggregate amount of customer requests exceeds the amount of the Vintage Resource.

2.5.6 **Tier 2 Vintage Amounts in Excess of Above-CHWM Load**

If «Customer Name» purchases an amount of power from BPA at a Tier 2 Vintage Rate that exceeds its current Above-CHWM Load, then BPA, in its sole discretion, may either:

(1) determine any amount of power that exceeds «Customer Name»’s Above-CHWM Load as surplus power and provide such to «Customer Name» at a surplus rate equivalent to the applicable Tier 2 Vintage Rate to be managed by «Customer Name»; or

(2) in accordance with section 10 of this exhibit, and pursuant to the PRDM, provide a remarketing service for the power that exceeds «Customer Name»’s Above-CHWM Load until «Customer Name»’s Above-CHWM Load can accommodate the contracted amount of power purchased at the Tier 2 Vintage Rate.

2.5.7 **Treatment of** **Tier 2 Vintage Rate and Tier 2 Short Term Rate Purchase Obligations**

In addition to the right to purchase power at a Tier 2 Vintage Rate established in this section 2.5, «Customer Name» may have the opportunity to purchase Firm Requirements Power at Tier 2 Vintage Rates regardless of whether «Customer Name» is purchasing power at Tier 2 Short-Term Rates, if BPA determines, in its sole discretion, to offer «Customer Name» a Statement of Intent that would provide «Customer Name» the opportunity to purchase Firm Requirements Power at Tier 2 Vintage Rates.

Any election by «Customer Name» to purchase Firm Requirements Power at Tier 2 Vintage Rates shall not relieve «Customer Name» of any obligation to purchase Firm Requirements Power at another Tier 2 Rate.

Any amounts of power that «Customer Name» is obligated to purchase at a Tier 2 Vintage Rate or Tier 2 Short Term Rate that exceeds its Above-CHWM Load will be treated pursuant to section 2.5.6 above.

2.5.8 **Tier 2 Vintage Rate Elections, Amounts and Exhibit Updates**

If applicable, BPA shall update the table below within 90 days of signing the Statement of Intent, with «Customer Name»’s Tier 2 Vintage Rate purchase obligation amounts.

*Drafter’s Note: Leave table blank at contract signing:*

| **Annual Amounts at Tier 2 Vintage Rate.** **Statement of Intent Contract No. «##PS-#####»**  |
| --- |
| **Fiscal Year** | **2029** | **2030** | **2031** | **2032** | **2033** | **2034** | **2035** | **2036** |  |
| **Annual aMW** |  |  |  |  |  |  |  |  |
| **Fiscal Year** | **2037** | **2038** | **2039** | **2040** | **2041** | **2042** | **2043** | **2044** |
| **Annual aMW** |  |  |  |  |  |  |  |  |
| Note: Fill in the table above with annual Average Megawatts, rounded to three decimal places. Leave FY blank when not purchasing at a Tier 2 Vintage Rate. Include SOI number(s) in table title.  |

By September 15 of each Fiscal Year or immediately following the establishment of a Tier 2 Vintage Rate for which «Customer Name» signed a Statement of Intent, BPA shall update the table in section 2.8.2 with «Customer Name»’s Tier 2 Vintage Rate purchase obligation amounts.