**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.*

**Summary of Changes:**

Both RHWMs and CDQs were removed from this section, as well as references to the TRM sections and definitions. We did update the definition of CHWM, which is included here for reference, and added a new definition, FY 26 CHWM Calculation Process, which is also included for reference.

**Customer Comments and BPA Responses from 9/18 Workshop:**

**Rate Impact Credits**

BPA took customer feedback that the POC contracts should include Rate Impact Credit (RIC) information. After careful consideration, BPA has determined that it will not be including RICs in the POC contracts.

* RICs are a design component of PF rates.
* RICs will be established pursuant to the PRDM and calculated during 7(i) rate proceedings. The methodology providing for that calculation can only change pursuant to the strict change provisions in the PRDM.
* RICs will be stated in the rate schedules / GRSPs, which are published, publicly available information. Accordingly, they do not need to be separately stated in contracts.
* Including duplicative information in the contract introduces the potential for error, misinterpretation, and creates additional administrative work that has no material purpose for charging rates. It also may introduce coordination challenges related to product changes and or/annexations--both of which are already addressed in the PRDM.
* Any decisions to adopt a RIC will be undertaken in the formal 7(i) proceeding currently under way (a prohibition of *ex parte* communications is in effect).

**Related Definitions:**

*Reviewer’s Note: This updated definition is consistent with the current draft definition in the PRDM.*

2.«#» “**Contract High Water Mark**” or “**CHWM**” means the amount of Firm Requirements Power (expressed in annual Average Megawatts) that a customer is eligible to access at Tier 1 Rates. The amount of Firm Requirements Power a customer purchases at Tier 1 Rates is limited to the lesser of its CHWM or its Net Requirement.

*Reviewer’s Note: This is a new term being presented for review.*

2.«#» “**FY 2026 CHWM Calculation Process**” means the public process where BPA shall calculate each customer’s CHWM in accordance with section 2.4 of the Provider of Choice Policy, March 2024, as amended or revised.

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**7. CONTRACT HIGH WATER MARKS**

By September 30, 2026, BPA shall establish «Customer Name»’s CHWM in the FY 2026 CHWM Calculation Process and revise Exhibit B to state «Customer Name»’s CHWM. Once established, BPA may only adjust «Customer Name»’s CHWM as permitted pursuant to Exhibit B. After any adjustment, BPA shall revise Exhibit B to state «Customer Name»’s adjusted CHWM.