

Net Requirements Transparency Process for Slice/Block Customers

Description of Changes and a Response to Comments

September 28, 2011

Background and Description of Changes:

As part of its Net Requirements Transparency process, on July 29, 2011 BPA published the Slice/Block customers' FY2010 and FY2012 Total Retail Load (TRL) and Dedicated Resource data. A review and comment period followed, which was closed on August 12, 2011.

During August and September 2011, while updating the Slice/Block customer's CHWM Contracts with FY2012 Net Requirements data, BPA and its Slice/Block customers' found errors in the data published on July 29, 2011. Below is a description of each of the changes from the initially published data and the final data published on September 28, 2011.

- Franklin PUD's FY2012 TRL energy forecast was reduced by about 5.5 aMW and its CSP forecast was reduced by an average of 12.0 MW. As a result of the forecast reduction, Franklin's FY2012 Dedicated Resource amounts were also reduced (~4.0 aMW). The resource reduction occurred because the initial Net Requirement Forecast included Above-RHWM Load, requiring Dedicated Resources to serve those amounts. The updated Net Requirement forecast was below Franklin's RHWM allowing removal of those Dedicated Resources.
- Idaho Falls' October 2011 Dedicated Resource amounts changed from 5,072 MWh to 5,702 MWh due to a transposition of numbers.
- Cowlitz PUD's FY2012 Dedicated Resource amounts were increased by about 0.7 aMW due to an update in its Dedicated Resource Amounts Serving an NLSL.
- Benton PUD's FY2010 measured TRL energy data was increased by about 0.3 aMW.

Response to Comments:

During the comment period on the published Slice/Block customers' FY2010 and FY2012 Total Retail Load and Dedicated Resource data, BPA received two comments. A summary of the comments and responses to them are listed below. The full comments can be viewed on BPA's public comments website at:

<http://www.bpa.gov/applications/publiccomments/CommentList.aspx?ID=138>

Benton PUD commented that its FY2010 Total Retail Load data differed from the FY2010 data BPA submitted to WECC on Benton's behalf. Benton commented that BPA should change the FY2010 Total Retail Load data to match the data submitted to WECC.

Response: The FY2010 Total Retail Load data published on July 29, 2011 did not correctly account for losses on Benton PUD's system. Therefore, BPA agrees with Benton PUD and the data has been changed to match the FY2010 data BPA submitted to WECC on Benton's behalf.

Springfield Utility Board (SUB) commented regarding the change in Dedicated Resource amounts that occurred for some customers between FY2010 and FY2012. The Dedicated

Resources amounts for FY2010 were obtained from the pre-TRM (Subscription) contracts and the FY2012 amounts are from the CHWM Contracts.

SUB's primary concern was that customer resources reduced or removed as a result of slower than expected load growth during the FY2002 – FY2010 period may have been carried into TRM contracts for FY2012. See SUB's Comments on Net Requirements below:

Block Step Up:

Since the Slice/Block contract in the Pre-TRM contracts provided those customers with block step ups to reduce non-BPA resources to integrate Slice/Block power, Block Step Ups for the Pre-TRM contracts were based on forecasts done around 1999, actual load growth that the block step up was "intended" to serve did not materialize in the FY2007-2011 period, SUB would expect that the dedicated resources in FY2010 (shown by BPA), would be lower than the dedicated resources in FY2012 for those Slice/Block customers with block step ups.

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SUB would appreciate that BPA review those customers with block step up amounts in the Pre-TRM contracts and – assuming that the load for the block step ups did not materialize and dedicated resources were reduced in the FY2010 period – that BPA confirm that historic dedicated resources that were reduced for the FY2010 period were put back into the dedicated resources for FY2012.

SUB also suggests that BPA post monthly Slice/Block customer dedicated resource amounts for FY2006. This would provide some context to indicate what resources were decremented for block-step up customers for the FY2007-FY2011 period. SUB recognizes that some resources were removed from the existing dedicated resource stack for the new contracts, but the FY2006 resources may "fill in some blanks" associated with transparency.

Response: The resources contained in the Subscription contracts were established using resource capabilities known prior to October 2001, and included contract power purchases and contracted-for resources with known termination dates.

In establishing the dedicated resources for FY2012 in the CHWM Contracts, all NW Power Act Section 5(b)(1)a and 5(b)(1)b resources (other than those for which loss of resource was recognized by the Administrator) from FY2011 were carried forward into the CHWM Contracts, and capabilities of those resources were evaluated and established using the latest information and power production capabilities available to staff at BPA. BPA's review did not include re-opening issues regarding the step-up in Block amounts for FY2006-FY2011 which were addressed and decided in BPA's Short Term Regional Dialogue policy issued in 2005.

Resource reductions brought about by the failure of customer loads to materialize annually during the term of Subscription contracts, that may have resulted in overall smaller resource amounts in customer contracts for FY2010, had no effect on the resource capabilities in Exhibits A for FY2012. Under Subscription contracts, resource reductions for customer loads that did not materialize were done year by year, revising resource amounts one year at a time and leaving other future years at original levels. As noted in the prior paragraph, however, those reductions did not affect resource amounts going into Exhibits A of CHWM Contracts.

In regard to posting monthly dedicated resource amounts for FY2006, such amounts would have no substantive relevance to the Net Requirements process at hand. In fact, in several instances the FY2006 resources themselves had been reduced from the original values in Subscription contracts and thus would not reflect true resource capabilities.

A reasonable assumption would be that the original annual resource values in Subscription contracts were similar, though perhaps not identical, to resource capabilities in CHWM Contracts, when accounting for changed shares (such as the lost Priest Rapids Project shares of numerous Slice/Block and Load Following customers) and for other resource losses documented in the calculation and posting of CHWM resource amounts in Attachment C of the July 2011 Tiered Rate Methodology. Such changes were described in the Close-Out Summary: Clarification on the Use of Customer Resource Amounts for High Water Mark Calculations (September 17, 2008) posted on-line at:
http://www.bpa.gov/power/pl/regionaldialogue/implementation/documents/2008/2008-09-17_CloseOut.pdf.