

# Draft 1 to Initial Proposal PRDM Change

**General message from BPA Staff:** Based on a careful review of the comments, we have made several changes to the Draft 1 PRDM. The PRDM has been well built through hard work, transparent compromise, and contains wins and tradeoffs for all parties. We believe the Draft 1 PRDM, with these changes, represents a robust and balanced package. ***It is BPA Staff’s intent to discuss these changes to the Draft 1 PRDM at the workshop on October 8, 2024, and following that discussion, consider including these additions in the Initial Proposal for the PRDM proceeding.***

Topic	Draft 1 PRDM	Initial Proposal PRDM
<b>Demand Rate Adjustment Cap</b>	Monthly up only 5% rate period cap.	Monthly 10% rate period limiter (up and down).
<b>RICm</b>	Annual 0.10 mills/kWh phase out.	Rate Period 0.15 mills/kWh phase out.
<b>RICm</b>		Clarification. Add the following sentence to the end of first paragraph of RICm section. “The RICm will also not include the Peak Load Variance Charge for Block customers.”
<b>RICc</b>	No RICc recalculation for product changes.	No change for customers that elect the Load Following Product or take a Block Product that requires a Peak Net Requirement (PNR) check.  Customers that are not required to undergo a PNR check can elect a voluntary PNR check at contract signing. In exchange the customer’s RICc would be calculated using its FY2029 weather-normalized loads consistent with the results of the PNR check as established through a 7(i) Process.
<b>RICc</b>	No RICc adjustment for Demand Response actions taken between 2025 and 2028.	Leave open the ability to adjust, at BPA’s sole discretion, a customer’s RICc for Demand Response actions taken between 2025 and 2028 that can be quantifiably demonstrated to have changed the customers BP-29 Rate Case forecast or its FY2029 actual weather-normalized loads as established through a 7(i) Process.

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<b>Peak Load Variance Charge</b>	The PRDM did not specify how the PLVS capacity amounts would be determined, but the intent was to not double count.	Make clear that the capacity amounts used to calculate the PLVC would be adjusted downward for planning capacity costs recovered through other charges, such as Operating Reserves.
<b>Peak Load Variance Charge</b>	Rate construct not specified.	PLVC for Load Following Product calculated using a single mills/kWh rate. PLVC rate construct for Block Product to be decided in each 7(i) Process.
<b>Peak Load Variance Charge</b>		Clarify intent by adding following sentence: “The PLVC for the Load Following Product recovers the cost of holding capacity for load excursions outside BPA’s expected P50 peak load forecast up to BPA’s P10 peak load forecast.”
<b>Peak Load Variance Charge</b>	The PRDM allowed for different billing determinants and rates for the PLVC for Block and Load Following customers.	The PRDM will add the following a parenthetical to the existing language to make this flexibility clearer. “The billing determinants and rates used to calculate the PLVC will be established in each 7(i) Process and may be different as between the Load Following product and the Block product if planning, access to and use of PLVS capacity is determined to be materially different across the products <b>(i.e., the cost of PLVC will be set commensurate with the service provided)</b> .”
<b>Required Support Services for Existing Resources</b>	Capacity costs based on marginal cost of capacity.	Capacity cost based on embedded cost of capacity. (see Attachment B diagram below)
<b>Disaggregation of Risks within Tier 1 Non-Slice Products</b>	Prohibition for entire PRDM term with public process to discuss in FY 2040-2041.	Prohibition until FY 2041 for PF Public Customers with CHWM Contracts. Parties to Rate Cases setting rates for FY 2041 and beyond can propose in the applicable 7(i) Process that BPA disaggregate the allocation of risk to Non-Slice Products. Commitment to additional public process removed.
<b>Marginal Energy True-Up</b>	Applicable to all products.	Applicable to all products but add a fourth purpose. “4) in the case of the Slice Product, affords BPA the ability to streamline, or removal entirely, a Requirement Slice Output (RSO)-like test as established through the Slice contract.”
<b>Marginal Energy True-Up</b>	No mention of payment schedule.	Add: “The final Marginal Energy True-Up for each customer shall be applied as a three-month charge spread equally across the three months following the month the final Marginal Energy True-Up Charge is determined by BPA. BPA will pay any amounts owed to the customer in a single first-month bill credit. No interest shall be applied.”
<b>Rate Mitigation associated with</b>	No JOE-specific Rate Mitigation	Addition of a RICj that accounts for the rate design impact of changing the calculation of the Demand Charge for JOE members. The aggregate stream of

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**design change that removes aggregated demand billing determinant for a JOE**

RICj credits are provided in the table below and are grounded on the inadvertent value BPA anticipated the JOE would realize under TRM as a Load Following customer. The value was understood as sometimes the JOE would pay less and sometimes the JOE would pay more with the aggregated Demand Charge under the TRM, but overall, the aggregated demand combined with smaller CDQs was anticipated to produce about a \$1 million a year value for the JOE.

The stream of credits, specified below, would apply if PNGC were to elect the Load Following Product and would be an October bill credit. PNGC would choose how to spread the payments among its members. The cost of the RICj would be allocated to the Non-Slice Cost Pool and would not impact any customer's Marginal Energy True-Up Rate.

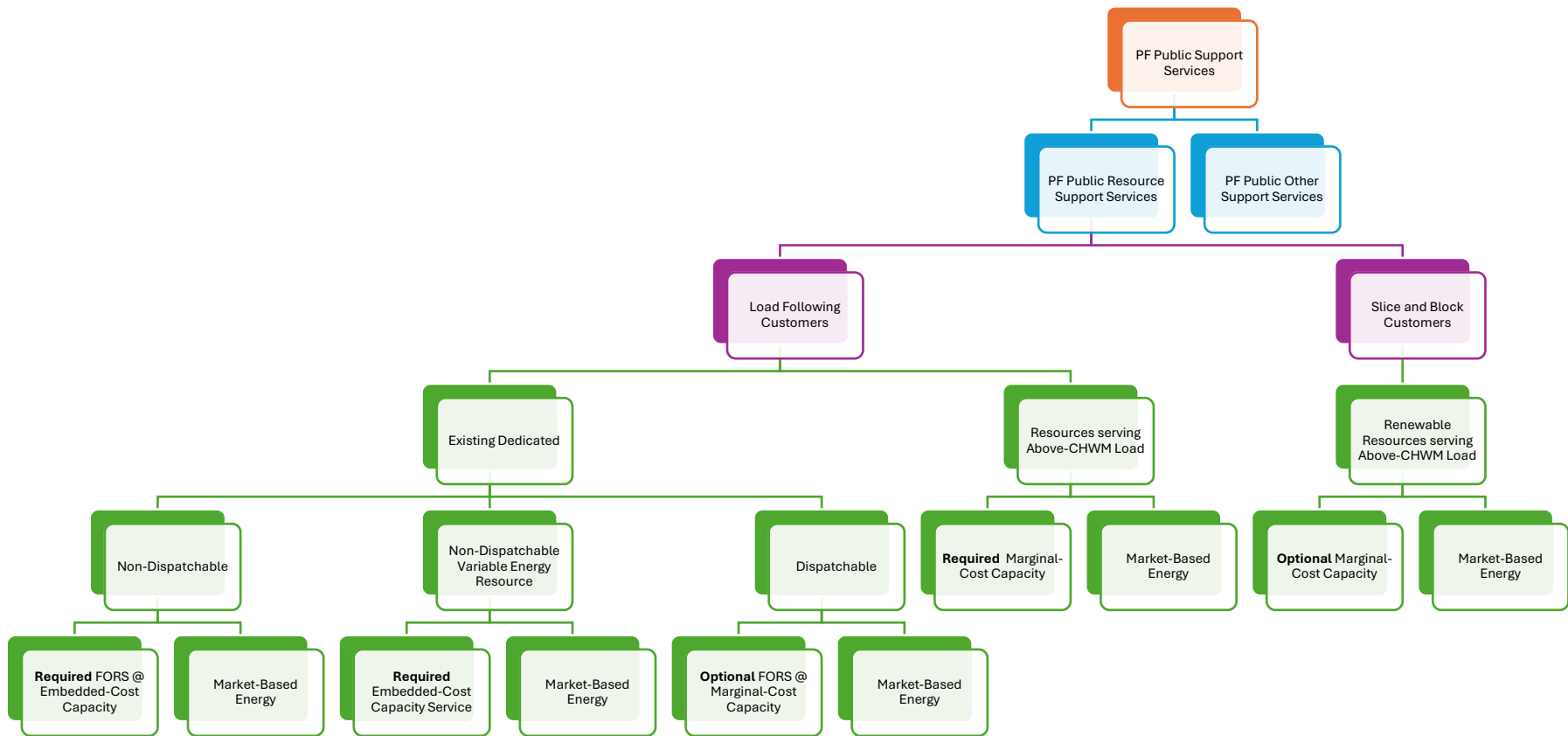
	RICj Value
2029	\$1,000,000
2030	\$ 933,333
2031	\$ 866,667
2032	\$ 800,000
2033	\$ 733,333
2034	\$ 666,667
2035	\$ 600,000
2036	\$ 533,333
2037	\$ 466,667
2038	\$ 400,000
2039	\$ 333,333
2040	\$ 266,667
2041	\$ 200,000
2042	\$ 133,333
2043	\$ 66,667
2044	\$ 0
<b>Total Value</b>	<b>\$8,000,000</b>

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<b>Up to 0.999 aMW Operational Convenience to use the Core Rate Design for load that would otherwise be Above-CHWM Load.</b>	Specific about intent, but not specific with how this would or would not apply to a JOE.	<p>The intent of the 0.999 aMW provision is to provide operational convenience to align with lumpy non-Federal resource shapes and whole MWh schedules. A JOE is not required to schedule or manage Above-CHWM Load by member, and thus the JOE will inherently enjoy the operational convenience intended by this provision in the PRDM the same as others.</p> <p>The PRDM will make clear the application of the JOE, which will be that the 0.999 aMW is applied to the JOE.</p>
<b>Tier 2 Long-Term Change Fee</b>	Shall be no lower than 0.05 mills/kWh applied to Tier 1 Load for the remaining term of the CHWM Contract.	Shall be no lower than 0.05 mills/kWh and no higher than 0.10 mills/kWh, as established in each 7(i) Process, applied to Tier 1 Load for the Rate Period immediately following the election.
<b>Tier 2 Rates</b>		Clarify the intent that power sold at Tier 2 rates would include the cost of meeting resource planning requirements at the marginal cost of meeting those requirements. Similarly, clarify that any additional capacity services provided as a part of serving all Above-CHWM Load would be at marginal-cost capacity.
<b>Existing Capacity Credit</b>	Energy credited at Tier1 Composite Energy Rates	Change Tier 1 Composite Energy Rates to market-based rates. See new PRDM Attachments A & B for a complete overview.
<b>Other Tier 1 Charges</b>	Includes a potential example of how conservation costs could be collected from customers.	Remove example.
<b>Tier 1 System Resources</b>		Add clarity to the section and a “Resource Type” to the resource tables.

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<b>Firm Surplus and Secondary Adjustment</b>	“BPA may also propose in a 7(i) Process that portions of the Tier 1 Secondary Energy Credit be reallocated to Composite Cost Pool as supported by Section 2.1, such as when a market, operational, or other decision causes a portion of the advanced sale of secondary associated with the Slice Product to otherwise be credited to the Non-Slice Cost Pool.”	No change. We believe this language provides sufficient flexibility to reallocate Tier 1 Secondary Energy Credits to the Composite Cost Pool if supported by the principles listed in Section 2.1. This would apply in situations where the Federal system is larger than CHWMs and situations where a Day Ahead Product or a Day Ahead Market causes additional value to fall into the Non-Slice Cost Pool that should be reallocated to the Composite Cost Pool.
<b>Chapter 9 Customer Group</b>	Customer Group means a group comprised of not less than 45 percent of the Customers (utility count).	Customer Group means a group comprised of (1) not less than 45 percent of the Customers (utility count), or (2) <i>not less than 45 percent of the sum of the CHWMs.</i>
<b>Chapter 9 Revisions to accommodate DA market</b>	Not explicitly called out. Revisions could fall into various categories.	Revisions to accommodate DA market participation will follow process for Unintended Consequences that Do Not Affect Others, except for revisions for Cost Recovery or Court Ruling, or Unintended Consequences that Do Affect Others (which will follow their respective processes).
<b>Chapter 9 Irreconcilable Conflict</b>	May allege BPA final action is in Irreconcilable Conflict with PRDM	BPA will add: May allege BPA final action <i>or inaction</i> is in Irreconcilable Conflict with PRDM.
<b>Chapter 9 Irreconcilable Conflict</b>	If Administrator determines Irreconcilable Conflict, “BPA will take all practicable steps to revoke...”	If Administrator determines Irreconcilable Conflict, “BPA will take all <i>necessary steps within its authority</i> to revoke...”

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<b>General Cleanup</b>		Thank you for the help in editing the document. We plan to adopt the cleanup edits provided to the Draft 1 PRDM. We will also be adding other cleanup edits that BPA Staff have found as well.
<b>BPA Commitment</b>		Not included in the PRDM, but BPA commits to creating PRDM-style rates using the BP-26 Final Proposal to help customers prepare to sign the PoC CHWM Contract.

# Proposed PRDM Attachment B



# Proposed PRDM Attachment C

