



Public Rate Design Methodology (PRDM)

Workshop #7

Chapters 12 & 13, PRDM's Revising Conditions and Process

Meeting 9 a.m. – 12 noon

June 21, 2024

RATE METHODOLOGY

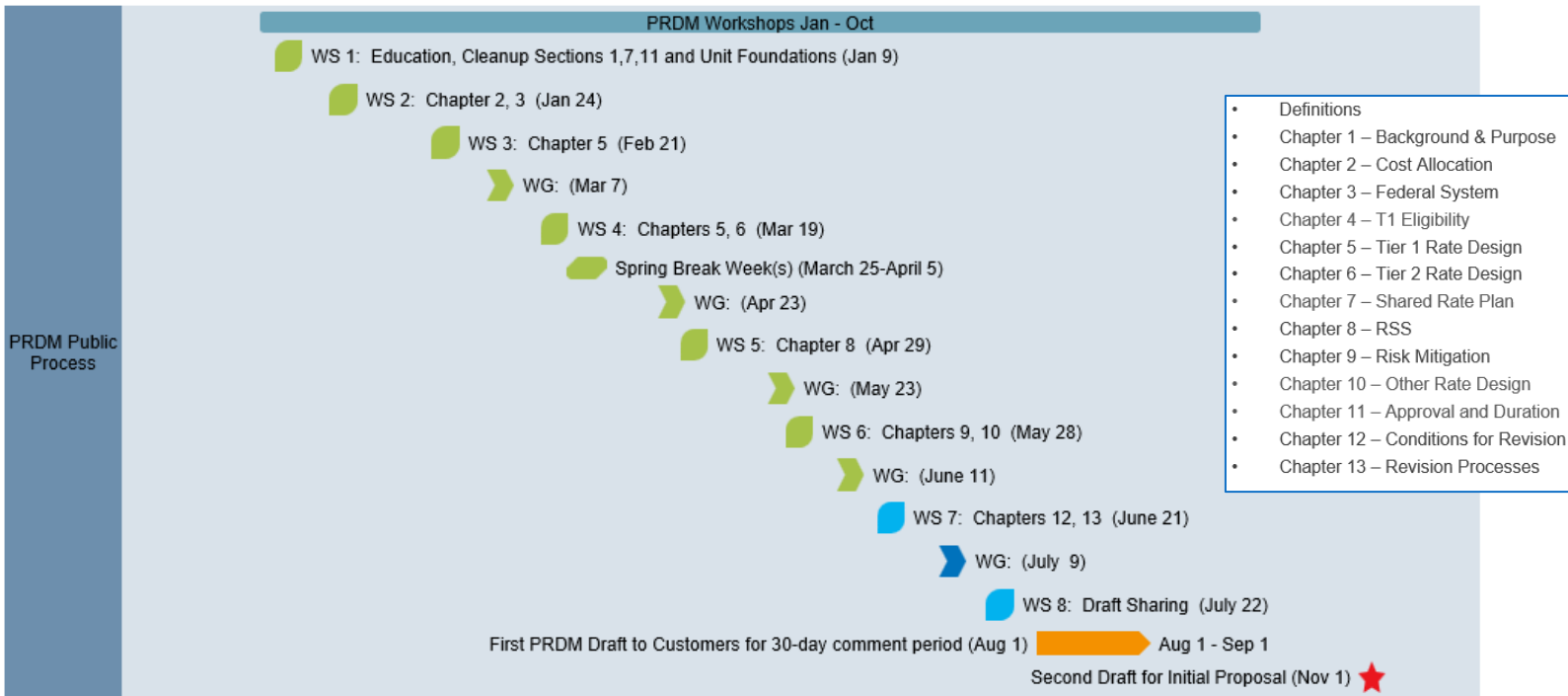
POST
2028



Agenda

Time Start	Time End	Topic	Presenter(s)
9 a.m.	9:30	Welcome and Workgroup Report Out	Scott Reed
9:30	10:30	Chapters 12 and 13 Conditions for Revision and Process	Neal Gschwend, Rich Greene
10:30	10:40	B R E A K	
10:40	12:00	Chapters 12 and 13 Conditions for Revision and Process (cont)	Neal Gschwend, Rich Greene
		E N D	

Timeline



- Definitions
- Chapter 1 – Background & Purpose
- Chapter 2 – Cost Allocation
- Chapter 3 – Federal System
- Chapter 4 – T1 Eligibility
- Chapter 5 – Tier 1 Rate Design
- Chapter 6 – Tier 2 Rate Design
- Chapter 7 – Shared Rate Plan
- Chapter 8 – RSS
- Chapter 9 – Risk Mitigation
- Chapter 10 – Other Rate Design
- Chapter 11 – Approval and Duration
- Chapter 12 – Conditions for Revision
- Chapter 13 – Revision Processes

Workgroup Report Out

- Model Updated June 14
- Chapters 12 and 13
- Risk and RDC
- RIC
 - RICc
 - RICm

RICm

- Rate design change from TRM to PRDM will introduce rate impacts (+ and -). The RICm is our tool for phasing in those impacts in over time.
- Phases in impacts after RICc is applied.
- RICm:
 - Has a start and end points with possible threshold, (ie, start at 100% or 95% mitigation and ramp toward 0% or 5%).
 - Will likely be phased out over time, with possible threshold for tail impacts.

Chapters 12 and 13 – Dispute Resolution

- Current process was designed when TRM was a new concept
- Balances stability and flexibility
- Given experience with TRM, consider what it would be like to be in these processes.

12.4/13.3 – Improvements and Enhancements

- **TRM:**
 - Requires House and Senate of customers to approve bringing a proposal into 7(i)
- **PRDM:**
 - Generally leave as is

12.3/13.2 – Unintended Consequences

- **TRM:**
 - Defined as revisions “to address or avoid unintended consequences that put at risk the policy goals underlying the TRM as set forth at pages 5-7 of the RD Policy.”
 - If proposal only affects CHWM customers, House and Senate of customers can veto.
 - If proposal “affects others,” it can be brought into 7(i).
- **PRDM:**
 - Generally leave as is.
 - Review and consider definition of “unintended consequences” tied to policy goals.

12.1/13.4 – Cost Recovery or Court Ruling

- **TRM:**
 - Includes additional process (Hearing Officer Process and Mini-Trial) for whether Bonneville’s proposed fix is necessary and/or reasonably proportionate.
- **PRDM:**
 - Consider removing Hearing Officer Process and Mini-Trial. Rely on 7(i) and Ninth Cir. litigation.
 - May not be a simple threshold issue. May need full 7(i) to adequately address.
 - If Bonneville responds with an alternative, would process repeat?
 - Under TRM, if Bonneville and Hearing Officer agree, it is conclusive on Bonneville for the 7(i) process.

13.5/13.9 – Irreconcilable Conflict *Outside* 7(i)

- **TRM:**
 - Expedited binding arbitration.
- **PRDM:**
 - Remove binding arbitration process. Rely on ability to bring Ninth Cir. litigation.
 - Process unlikely to result in good decisions: potentially thorny issues; difficult to find qualified arbitrator; ten days to give binding decision.
 - Arbitration process does not foreclose others from suing in Ninth Cir.
 - Could be preferable to have Administrator decide issues balancing present vs. future implications or planned product vs. load following customers, rather than arbitrator with no future accountability to customers.

13.5/13.6 – Irreconcilable Conflict *Inside* 7(i)

- TRM:
 - Includes Hearing Officer process and mini-trial.
 - TRM complexity reflects a logical exercise. Recognize Hearing Officer and Bonneville may disagree, and remain consistent with TRM processes for different types of revisions.
- PRDM:
 - Consider removing Hearing Officer Process and Mini-Trial. Rely on 7(i) and Ninth Cir. litigation.
 - Does Hearing Officer add value on top of full 7(i) process?
 - Under TRM, if Hearing Officer finds Bonneville’s initial proposal is *not* in irreconcilable conflict with TRM, that decision is binding on parties. Appears parties do not get full 7(i) to consider the issue.
 - Under TRM, unsure how 13.6 Par. 7 interacts with Par. 5. What process is necessary to show an unintended consequence affects others?
 - PRDM:
 - Add requirement that Bonneville state whether it is “not violating,” “revising for cost recovery or court order,” and/or “revising for unintended consequences.” Process requirements for “revising” would apply.

Other Areas for Discussion

- Consider reorganizing to combine Chapters 12 and 13
- Consider removing 13.10 (Non-binding neutral process for factual matters about CHWM, RHW, or Tier 1 System Firm Critical Output). Review whether some process remains necessary for factual matters regarding Tier 1 System Firm Critical Output.
- Consider combining sections on Irreconcilable Conflict (13.6, 13.9, and 13.5)
- Consider removing 13.5 *Chevron* standard. Consider how doing so impacts other revisions.
- Review 12.2 – Provisions of the TRM that May Be Revised Only to Ensure Cost Recovery or Comply with Court Ruling (i.e., provisions so foundational we will not “improve” them, even if a House and Senate of customers would approve).
- Review 12.5 – Actions Not Considered to be a Revision of the TRM (i.e., explicitly reserve for future 7(i)).





Conclusion & Next Steps

July and August Schedule

Workgroup #5 7/11

July 22, Workshop #8

- PRDM Draft Document Review

Workgroup #5 7/9

August 1, Workshop #8

- PRDM Draft Document Review

2029 PRDM

- Definitions
- Chapter 1 – Background & Purpose
- Chapter 2 – Cost Allocation
- Chapter 3 – Federal System
- Chapter 4 – T1 Eligibility (CHWM) Move to POC
- Chapter 5 – Tier 1 Rate Design
- Chapter 6 – Tier 2 Rate Design
- Chapter 7 – Shared Rate Plan – Delete
- Chapter 8 – RSS
- Chapter 9 – Risk Mitigation
- Chapter 10 – Other Rate Design
- Chapter 11 – Approval and Duration – Delete/Move
- Chapter 12 – Conditions for Revision
- Chapter 13 – Revision Processes

Parking Lot

Issue	Action	Note
Environmental Attributes T1, T2	New section in Chapter 2	
WRAP and PRM-Related Services	Contract negotiations and Chapter 5 through Peak Load Variance Charge	
Battery Treatment	Contract negotiations, maybe PRDM, likely future 7(i) process	
Risk framework (e.g., RDC & Secondary energy credits)	Chapter 2, Chapter 9, or potential future 7(i) process	
Designated System Obligations	Chapter 3	
Vintage Tier 2 not flat block	Contract negotiations and potential PRDM	
Resource Acquisition Strategy and Execution	Resource Program and Operations	
New Resources Rate Design	Contract negotiations and applicable 7(i) process	

