



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER SERVICES

February 27, 2009

In reply refer to: PTL-5

Subject: Conservation Rate Credit – Renewable Option

To regional customers, stakeholders and other interested parties:

Bonneville Power Administration (BPA) is seeking comments on its proposal to limit revisions to Fiscal Year (FY) 2010-2011 qualifying measures for the renewable option to the conservation rate credit.

Historically, BPA has allowed customers to use the Conservation Rate Credit (CRC) for selected renewable activities (Renewables Option (RO) of the CRC). In the FY 2007-09 rate period, BPA capped annual RO spending at \$6 million. To ensure customer renewable CRC spending did not exceed the cap, customers were required to request up to their entire annual CRC amount to be applied to the RO. If the total RO requests exceeded the \$6 million cap, requests were prorated down based on the total amount of renewable funding requested.

BPA's goal of funding selected renewable activities was to foster the development of new renewable resources in the region. Recent analysis has determined that the region has reached this goal--even without significant contribution from the RO, renewable activity appears to be near agency targets based on forecasts provided in the Northwest Power Planning Council's 5th Power Plan.

Based on the extent of public power renewable activity, BPA will be reducing the amount of RO funding in the FY 2010-11 rate period, with the intention of eliminating the RO entirely in FY 2012. The RO cap will be \$4 million in FY 2010 and \$2.5 million in FY 2011.

Because BPA is proposing to phase out the RO by FY 2012, BPA is proposing minimal changes to the existing RO program for the next rate period. The only change currently proposed to eligible renewable measures is to update the cost and credits associated with renewable generation to be consistent with those used by the Northwest Power and Conservation Council in their 6th Power Plan. Updated generation cost values are expected to be available later this summer. (Generation costs can be found in section 9.17 of the CRC/CAA Implementation Manual, Tables RO-1, 2, and 3). Because we are not proposing any other changes to eligible renewable activities, customers should expect significant pro rata reductions due to decreased funding levels.

Interested parties are invited to comment on BPA's proposed changes to eligible renewable activities listed in the CRC/CAA Implementation Manual and updates to the fore-mentioned

tables. Comments should be provided by March 31, 2009, on BPA's online comment Web site at: www.bpa.gov/comment.

If you have any questions, please contact me at (503) 230-5701 or Jamie Sims at (503) 230-3886.

Sincerely,

/s/ Debra J. Malin

Debra J. Malin
Account Executive