



## Department of Energy

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

FREEDOM OF INFORMATION ACT/PRIVACY PROGRAM

August 30, 2021

In reply refer to: FOIA #BPA-2020-01144-F

Andrew Missel  
Advocates for the West  
3701 SE Milwaukie Ave., Ste. B  
Portland OR 97202  
Email: [amissel@advocateswest.org](mailto:amissel@advocateswest.org)

Dear Mr. Missel,

This communication concerns your request for Bonneville Power Administration (BPA) records made under the Freedom of Information Act, 5 U.S.C. § 552 (FOIA). BPA received your records request on September 22, 2020, and formally acknowledged your request on October 2, 2020.

### Request

“This is a ‘follow-up’ request to a request I sent to the Bonneville Power Administration (“BPA”) on November 21, 2019 on behalf of Columbia Riverkeeper (request BPA-2020-00227-F). BPA has yet to release any records in response to that request, but it is my understanding that BPA has already collected records potentially responsive to the request. This request is identical to that request, but with an updated time frame. Specifically, this request seeks the same types of records as the previous request,<sup>1</sup> but for the time period starting with the cut-off search date of the previous request:

1. Any and all communications received by BPA from any of its wholesale customers or sent from BPA to any of its wholesale customers since the cut-off search date of the previous request that refer or relate to development of, consideration of, agreements to enter into, or negotiations about new long-term power contracts.
2. Any and all records created or generated since the cut-off search date of the previous request that document, memorialize, or refer to any meetings, conversations, or other communications between BPA and its wholesale customers regarding development of, consideration of, agreements to enter into, or negotiations about new long-term power contracts.

Any reference to an entity—such as “BPA” or “BPA’s wholesale customers”—includes all employees and agents of that entity as well as the entity itself and any division thereof. Any non-identical duplicates of records that include any information not contained in the original record should be disclosed in response to this request. Non-identical duplicates may contain additional information due to notation, attachment, or other alteration or supplement, or because of



differences in metadata. This request should be interpreted consistent with the clarification of the previous request as described in my letter to BPA of January 7, 2020 (attached as an exhibit to this request).”

### **Response**

BPA has searched for and collected ## pages of responsive records from knowledgeable personnel in the agency’s Power Services organization. BPA’s second partial response includes 1054 pages of email records with the following redactions:

- Three pages with redactions applied under 5 U.S.C. § 552(b)(2) (Exemption 2).
- 62 pages with redactions applied under 5 U.S.C. § 552(b)(4) (Exemption 4).
- 96 pages with redactions applied under 5 U.S.C. § 552(b)(6) (Exemption 6).

An explanation of the applied exemptions follows.

### **Explanation of Exemptions**

The FOIA generally requires the release of all agency records upon request. However, the FOIA permits or requires withholding certain limited information that falls under one or more of nine statutory exemptions (5 U.S.C. §§ 552(b)(1-9)).

#### Exemption 2

Exemption 2 permits withholding of agency information “related solely to the internal personnel rules and practices of an agency.” BPA invokes Exemption 2 to protect internal internet portals and telephone call-in passwords.

#### Exemption 4

Exemption 4 permits withholding third party confidential commercial information found in agency records. BPA here relies on Exemption 4 to protect commercial and financial information belonging to the agency’s wholesale customers.

#### Exemption 6

Exemption 6 protects information in “personnel and medical files and similar files” when the disclosure of such information “would constitute a clearly unwarranted invasion of personal privacy” (5 U.S.C. § 552(b)(6)), and if there is no public interest that outweighs the privacy interest. BPA relies on Exemption 6 in this instance to withhold cellphone numbers and personal information not related to agency business. BPA can find no public interest in the release of this information as it does not shed light on the mission or working of BPA, as an agency.

### **Certification**

Pursuant to 10 C.F.R. § 1004.7(b)(2), I am the individual responsible for the search and response detailed above. Your FOIA request BPA-2020-01144-F is now closed with all available responsive agency information provided.

**Appeal**

The adequacy of the search may be appealed within 90 calendar days from your receipt of this letter pursuant to 10 C.F.R. § 1004.8. Appeals should be addressed to:

Director, Office of Hearings and Appeals  
HG-1, L'Enfant Plaza  
U.S. Department of Energy  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585-1615

The written appeal, including the envelope, must clearly indicate that a FOIA appeal is being made. You may also submit your appeal by e-mail to [OHA.filings@hq.doe.gov](mailto:OHA.filings@hq.doe.gov), including the phrase "Freedom of Information Appeal" in the subject line. (The Office of Hearings and Appeals prefers to receive appeals by email.) The appeal must contain all the elements required by 10 C.F.R. § 1004.8, including a copy of the determination letter. Thereafter, judicial review will be available to you in the Federal District Court either (1) in the district where you reside, (2) where you have your principal place of business, (3) where DOE's records are situated, or (4) in the District of Columbia.

Additionally, you may contact the Office of Government Information Services (OGIS) at the National Archives and Records Administration to inquire about the FOIA mediation services they offer. The contact information for OGIS is as follows:

Office of Government Information Services  
National Archives and Records Administration  
8601 Adelphi Road-OGIS  
College Park, Maryland 20740-6001  
E-mail: [ogis@nara.gov](mailto:ogis@nara.gov)  
Phone: 202-741-5770  
Toll-free: 1-877-684-6448  
Fax: 202-741-5769

Questions about this communication may be directed to the FOIA Public Liaison, Jason Taylor, at 503-230-3537 or [jetaylor@bpa.gov](mailto:jetaylor@bpa.gov). Thank you for your interest in the Bonneville Power Administration

Sincerely,



Candice D. Palen, Freedom of Information/Privacy Act Officer

Responsive agency records accompany this communication.

From: Farleigh, Kevin S (BPA) - PSW-6

Sent: Fri Nov 22 15:28:26 2019

To: SCHROETTIG Matthew (Matthew.Schroettig@EWEB.ORG); 'CAPPER Megan' (Megan.Capper@EWEB.ORG)

Subject: Post-2028 Customer Questionnaire

Importance: Normal

Attachments: Customers' Post-2028 advance survey questions 11\_08\_19.docx; External timeline\_Provider of Choice10\_10\_19.docx

Matt and Megan,

I wanted to check in and provide a brief update on the Post-2028 customer questionnaire/survey.

The survey questions are now final and I wanted to pass those along in advance of any meeting we get scheduled. Please see the first attachment. Associated with this, also attached is a high-level timeline showing our current expectation for the overall process between now and 2028.

As for next steps, I'm still hoping to schedule some time with you to walk through these questions. I'm envisioning a trip down to Eugene in either January or February. Any chance the afternoon of January 15 might work? (Though I just saw the potential for an EIM-TC-BP customer-led workshop that day...) If not, maybe you could send me a couple other dates in either Jan or Feb that could work for you?

Ultimately the responses will be captured in a SurveyMonkey questionnaire that will be live in early January through March. Completing the SurveyMonkey can be done a couple ways. My preference, so as to not risk applying my lens to your responses, is to have you fill it out directly (either before or after we meet). However I'm more than happy to fill it out on your behalf based on notes taken during our meeting. Either works for me. But regardless, I would very much like to go through these with you. We're envisioning this to be a conversation that would hopefully provide fuller responses and more context than simply a written SurveyMonkey response.

Please let me know your thoughts on dates, and don't hesitate to contact me with questions. Thanks as always, and happy Friday!

Kevin

Kevin Farleigh  
Account Executive  
Bonneville Power Administration  
905 N.E. 11th Ave.  
Portland, OR 97232  
Office: (503) 230-4055  
Cell: (b)(6)  
Fax: (503) 230-3242

From: Farleigh, Kevin S (BPA) - PSW-6

Sent: Tue Dec 03 10:18:35 2019

To: Dan Bedbury (DBedbury@clarkpud.com); 'Tom Haymaker' (THaymaker@clarkpud.com)

Subject: Post 2028 Questionnaire

Importance: Normal

Attachments: Customers' Post-2028 advance survey questions 11\_08\_19.docx; External timeline\_Provider of Choice10\_10\_19.docx

Good morning Dan and Tom,

As you're likely aware, BPA is kicking off the next phase of the Post-2028 engagement by issuing a "Post-2028 Questionnaire" to preference customers. We're looking to hear from you what is going well with the current power sales arrangement, what could be improved, and what is most important to you as we look toward post-2028 contracts.

The formal questionnaire will be administered through SurveyMonkey and will be available starting in early January. However we wanted to send along an advanced copy of the questions for you to start thinking about. Please see the first attachment.

In addition to the SurveyMonkey questionnaire, I'm also hoping to schedule a meeting with you all in person to walk through the questions. We're envisioning this to be a conversation that would hopefully provide fuller responses and more context than simply a written response. I'll be following up shortly to try and get a date set for

a time likely in either January or February. Alternatively, feel free to send me a couple potential meeting dates in that timeframe that could work for you. Tuesdays and Thursdays usually work well for me.

Associated with all this, please also see the second attachment for a high-level timeline showing our current expectation for the overall process between now and 2028.

If you have any questions, please don't hesitate to contact me. Thanks as always.

Kevin

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From: Farleigh, Kevin S (BPA) - PSW-6

Sent: Tue Dec 03 10:18:39 2019

To: 'Libby Calnon (libbyc@hrec.coop)'

Subject: Post 2028 Questionnaire

Importance: Normal

Attachments: Customers' Post-2028 advance survey questions 11\_08\_19.docx; External timeline\_Provider of Choice10\_10\_19.docx

Good morning Libby,

As you may be aware, BPA is kicking off the next phase of the Post-2028 engagement by issuing a "Post-2028 Questionnaire" to preference customers. We're looking to hear from you what is going well with the current power sales arrangement, what could be improved, and what is most important to you as we look toward post-2028 contracts.

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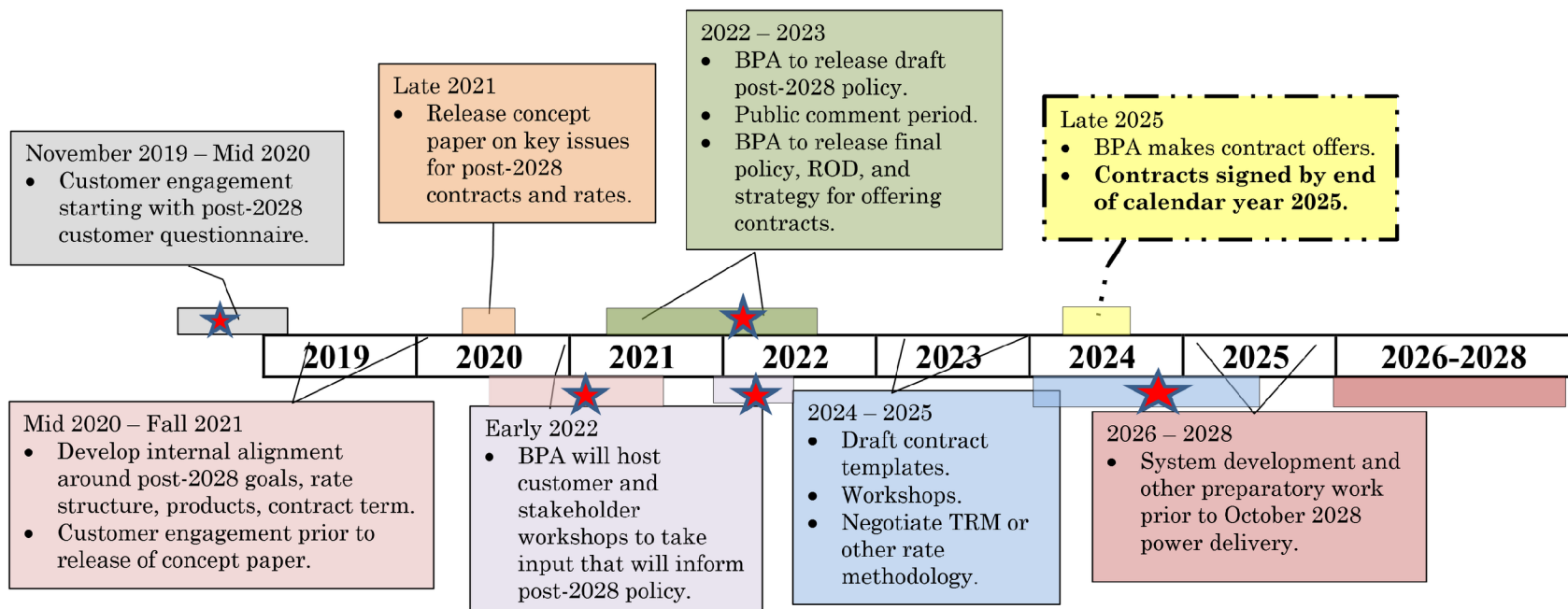
likely in either January or February.

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- This timeline outlines BPA's current expectation for the path to signed post-2028 power sales contract. This timeline is subject to adjustment.
- Expected customer engagement (though BPA expects customer engagement to occur throughout the process).

- Core product and service offerings

- Rate design
- Transfer service costs and business line functionalization
- Rate discounts (Low Density Discount, Irrigation Rate Discount)
- Energy Efficiency costs
- Treatment of carbon attributes and renewable energy certificates (RECs)
- Residential Exchange Program

From: Farleigh, Kevin S (BPA) - PSW-6

Sent: Tue Dec 03 10:18:46 2019

To: jgoodman@skamaniapud.com; rpayne@skamaniapud.com

Subject: Post 2028 Questionnaire

Importance: Normal

Attachments: Customers' Post-2028 advance survey questions 11\_08\_19.docx; External timeline\_Provider of Choice10\_10\_19.docx

Good morning John and Randy,

As you may be aware, BPA is kicking off the next phase of the Post-2028 engagement by issuing a "Post-2028 Questionnaire" to preference customers. We're looking to hear from you what is going well with the current power sales arrangement, what could be improved, and what is most important to you as we look toward post-2028 contracts.

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Kevin

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From: Farleigh, Kevin S (BPA) - PSW-6

Sent: Tue Dec 03 10:18:54 2019

To: 'khormann@forestgrove-or.gov' (khormann@forestgrove-or.gov)

Subject: Post 2028 Questionnaire

Importance: Normal

Attachments: Customers' Post-2028 advance survey questions 11\_08\_19.docx; External timeline\_Provider of Choice10\_10\_19.docx

Good morning Keith,

As you may be aware, BPA is kicking off the next phase of the Post-2028 engagement by issuing a "Post-2028 Questionnaire" to preference customers. We're looking to hear from you what is going well with the current power sales arrangement, what could be improved, and what is most important to you as we look toward post-2028 contracts.

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Associated with all this, please also see the second attachment for a high-level timeline showing our current expectation for the overall process between now and 2028.

If you have any questions, please don't hesitate to contact me. Thanks as always.

Kevin

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**FINAL CUSTOMER QUESTIONNAIRE ON POST-2028  
CONTRACTS, PRODUCTS, RATES**  
11/08/19

In 2016, Elliot Mainzer and other executives concluded Bonneville's Focus 2028 effort and held Provider of Choice conversations around the region. The Focus 2028 conversations culminated in Bonneville's long-term Strategic Plan released in 2018.

At the conclusion of the Provider of Choice conversations in fall of 2016, Bonneville committed to periodically continue regional conversations to understand the challenges customers are facing today and in the future as we strive to remain your provider of choice. Bonneville is fulfilling this commitment with a customer engagement period from this November through mid-2020.

Bonneville's goal is to be your cost-based, long term power provider of choice beyond 2028. Bonneville would like to hear from you.

The questions below are intended to elicit your feedback regarding the products and services you would like Bonneville to offer post-2028. By gaining an understanding of your needs, we will be better positioned to develop power sales contracts and policy for post-2028. Please know that your input is important and valuable. Please take the time to review these questions in advance of our meeting. The survey Bonneville will administer is identical to the questions below.

**Customer Profile Questions**

1. Name of the utility [drop-down box, pre-populated (\*list PNGC and individual members)]
2. Name of utility member who is participating in/filling out the survey [comment box for one name]
3. Name of AE [drop-down box with AEs' names pre-populated]
4. Who is filling out the SurveyMonkey?
  - AE
  - Utility Member
5. Size of utility [TRL in aMW: 0-5aMW; 6-15; 16-40; 41-100; 101-200; >200aMW]
6. State [drop down box, pre-populated: WA, OR, ID, MT, CA, NV, WY]
7. Current product purchase (drop down box, pre-populated: Load Following, Block, Slice/Block) [only one selection allowed]

**1. In terms of your current product purchase from Bonneville, what is working well and what can be improved for your utility?** [comment box]

**2. In the recent Customer Satisfaction Survey Bonneville sent to preference customers, 90% of respondents said they were "satisfied with [their] current power product(s)". Bonneville interprets this information as customers generally feel that the Regional Dialogue contracts and tiered rates are working well. What is your opinion?**

- Works very well

- Works well
- Neutral
- Not working well at all

In one sentence, why did you answer the way you did? [comment box]

**3. \*Please note that the following three questions all relate to offering the same products and services post-2028, with tiered rates, as are offered under today's Regional Dialogue contracts.**

**By law, Bonneville cannot have contracts longer than a 20-year term and therefore must offer new contracts. Should Bonneville offer new contracts post-2028 that provide the same products, services, and tiered rate construct as provided under the Regional Dialogue power sales contract?**

- Yes, with no changes.
- Yes, but with changes.
- No. We need to develop new policies and contracts.

**4. Using Regional Dialogue as your baseline for comparison, how would you change the new contract(s) and/or products?** [comment box]

**5. Post-2028, if Bonneville did end up offering the same products and services, with tiered rates, as provided under the Regional Dialogue contract (with or without changes), for what term would your utility consider ideal? Please add specificity in the comment box below.**

- Under 10 years
- 10-20 years
- 10-20, with off-ramps

Please provide Bonneville additional information about the term and/or off-ramp structure that would be most attractive to your utility if Bonneville were to reoffer similar products, services and rate structure as under Regional Dialogue. [comment box]

**6. Do you think your utility can be competitive post-2028 if Bonneville offered the same product offerings, and its tiered rate structure, as Regional Dialogue? Please provide explanations of why or why not.**

- Yes
- Yes, with modifications
- No

- Not sure

Additional comments? [comment box]

**7. What product offering (Load Following, Slice/Block, Block) is most appealing to your utility post-2028?**

- Load Following
- Slice/Block
- Block
- Other

Please provide an explanation of your answer and any other additional comments. [comment box]

**8. Given Bonneville's strategic emphasis on competitiveness and cost control, which of the following foundational principles of Regional Dialogue do you think remain valid post-2028 and are important to your utility to carry forward? Check all that apply.**

- Lowest Tier 1 Costs and Tier 1 Rates
- Durability/Stability/Contract Enforceability
- Customer/Regional Support and Equity
- Certainty of Obligations for All Parties
- Promote Infrastructure Development Consistent with the Northwest Power Act
- Consistency with Bonneville Stewardship Obligations
- Legality
- Simplicity
- Advancement of National Objectives

Are there other principles that should underlay the post-2028 policy? Please share. [comment box]

**9. In general, do you think Bonneville should maintain a structure like today with a total allocation of system and its costs, or attempt to create a new structure that moves away from the current approach?**

- Similar structure
- New structure

Please share your ideas for a new structure or approach. [comment box]

**10. Should Bonneville offer a Slice product post-2028?**

- Yes
- No
- Depends on what, if anything, is offered in its place
- No opinion

Please provide an explanation for your answer. [comment box]

**11. Question for current Slice/Block customers only: What do you value about the Slice product? If Bonneville does offer Slice post-2028, what features would you like to see included? [comment box]**

**12. Question for current Slice/Block customers only: If Bonneville only offered the Load Following or Block product (but no Slice) in the same manner as today, are we at risk of losing you as a customer post-2028?**

- Very likely
- Possibly
- Not likely
- Not applicable

Please provide as much detailed information and explanation as possible. [comment box]

**13. Question for current Slice/Block customers only: Could the right Block with shaping product make you indifferent to the removal of the Slice product?**

- Yes
- No
- Not applicable

Additional comments? [comment box]

**14. Do you think Bonneville should retain the tiered rate structure post-2028?**

- Yes
- No
- No opinion

How would you simplify or modify the rate structure? [comment box]

**15. If Bonneville does NOT re-offer the same products, services and rate structure as under the Regional Dialogue contract (whether with or without changes) what contract term length would be ideal post-2028? Please add specificity in the comment box below.**

- Under 10 years
- 10-20 years
- 10-20, with off-ramps

Additional comments? [comment box]

**16. For your business, what is the optimal frequency of rate cases? (Please note the maximum is every 5 years.)**

- 1
- 2
- 3
- 4
- 5

Additional comments? [comment box]

**17. Post-2028, should Bonneville continue to offer a self-funded energy efficiency option?**

- Yes
- No
- Maybe, with limitations
- No opinion

If yes, what share of energy efficiency should utilities self-fund? [add sliding percentage bar]

**18. Should Bonneville explore changing the current TOCA-based (equity) model for allocating EE funding?**

- Yes
- No
- No opinion

If yes, what other allocation methodology(ies) should be explored? [comment box]

**19. In the next contract period do you think that secondary sales revenue should be:**

- Forecast for the rate period and included as an offset to the priority firm power rate (excluding Slice rate). (Status quo)
  - Rebated/credited back to customers at the end of the fiscal year based on actuals.
  - No opinion
  - Other. [Please explain in the box below.]
- Additional comments? [comment box]

**20. Should and/or how could Bonneville pursue changes to modify the criteria and/or calculation of the Irrigation Rate Discount benefits?**

- Retain at current levels
- Cap
- Reduce
- Eliminate
- No opinion

Additional comments? [comment box]

**21. Bonneville has a statutory requirement to provide a Low Density Discount. Should and/or how could Bonneville pursue changes, as allowed, to modify criteria and calculation of the Low Density Discount benefit?**

- Retain at current levels
- Cap
- Reduce
- No opinion

Additional comments? [comment box]

**22. Are there provisions of the Northwest Power Act that you believe the region should work to change or update?**

- Yes
- No
- No opinion

If yes, please provide your ideas. [comment box]

**23. Are you satisfied with the Residential Exchange Program Settlement Agreement?**

- Yes
- No
- No opinion

Additional comments? [comment box]

**24. Should the region consider pursuing another settlement agreement for the Residential Exchange Program?**

- Yes
- No
- No opinion

Additional comments? [comment box]

**25. Post-2028, should Bonneville consider offering a bundled power and transmission product at a melded (not tiered) rate that recovers both power and transmission costs?**

- Yes, bundled product and melded rate
- Yes, bundled product but not necessarily at a melded rate
- No
- No opinion

Additional comments? [comment box]

**26. Would your utility be interested in a 100% carbon free product?**

- Yes
- No
- Maybe

If yes, what would be a reasonable premium (in dollars)? Additional comments? [comment box]

**27. What is your utility's position on nuclear energy (a baseload carbon-free resource)?**

- Glad it's in BPA's fuel mix
- Should not be in BPA's fuel mix
- Neutral about it being in BPA's fuel mix

Additional comments? [comment box]



**28. Please rank the top three elements/features in order of those that are most critical to your utility's decision to make Bonneville your provider of choice post-2028. [Displayed as three separate drop-down boxes for priority 1, 2, 3. Comment box available to add priority(ies) that aren't listed.]**

- Long term agreements
- Short term agreements
- Contracts with products /services similar to RD
- Contracts with products/services different than RD
- Transfer Service
- Availability of Slice product
- Viable alternative to Slice product
- Bundled power & transmission product
- Tiered Rates
- Melded rates or other rate structure
- Increased flexibility
- Increased simplicity
- Access to public benefits (LDD, IRD)
- Cost control by any means possible
- Measured cost control (provide details below)
- Service to New Large Single Loads
- Access to carbon-free power
- More self-funding in EE
- Restructured EE program
- Restructure secondary sales revenue
- EIM/day ahead market

[comment box] List any other priorities/comments

**29. What are your top two concerns as you look beyond 2028?** [comment box]

**30. Please provide any other product ideas or suggestions regarding: contracts, products, billing, other elements that you would like to see considered as Bonneville moves toward post-2028.** [comment box]

From: Farleigh, Kevin S (BPA) - PSW-6

Sent: Tue Dec 03 10:19:00 2019

To: gzimmerman@cascade-locks.or.us

Subject: Post 2028 Questionnaire

Importance: Normal

Attachments: Customers' Post-2028 advance survey questions 11\_08\_19.docx; External timeline\_Provider of Choice10\_10\_19.docx

Good morning Gordon,

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likely in either January or February.

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Kevin

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Fax: (503) 230-3242

From: Farleigh, Kevin S (BPA) - PSW-6

Sent: Tue Dec 03 10:19:07 2019

To: 'Tony Schacher (schacher@salemelectric.com)' (schacher@salemelectric.com)

Subject: Post 2028 Questionnaire

Importance: Normal

Attachments: Customers' Post-2028 advance survey questions 11\_08\_19.docx; External timeline\_Provider of Choice10\_10\_19.docx

Good morning Tony,

As you may be aware, BPA is kicking off the next phase of the Post-2028 engagement by issuing a “Post-2028 Questionnaire” to preference customers. We’re looking to hear from you what is going well with the current power sales arrangement, what could be improved, and what is most important to you as we look toward post-2028 contracts.

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Cell: (b)(6)  
Fax: (503) 230-3242

**From:** Watts,Kirsten (BPA) - PSW-SEATTLE

**Sent:** Fri Dec 06 10:20:38 2019

**To:** Bentz,Roger E (BPA) - B-3; Kerns,Steven R (BPA) - B-3; Mantifel,Russell (BPA) - B-3; Kochheiser,Todd W (BPA) - TOI-DITT-2

**Cc:** Barham,Theodore J (BPA) - PGL-5; Alders,Kyna L (BPA) - PGL-5; Gillman,Richard A (BPA) - TSE-TPP-2

**Subject:** RE: Tacoma Power Wants to Meet in January

**Importance:** Normal

**Attachments:** image001.jpg; image002.jpg; image003.jpg; image004.jpg; image005.jpg; image006.jpg

Hello. Can someone share the highlights from yesterday's meet and greet? Thanks >> Kirsten

**R. KIRSTEN WATTS**

Power Services Customer Account Executive

Bonneville Power Administration • Seattle Office

Desk: 206.220.6762 • Cell: (b)(6) • Fax: 206.220.6803

**From:** Bentz,Roger E (BPA) - B-3 <rebentz@bpa.gov>

**Sent:** Tuesday, December 3, 2019 12:45 PM

**To:** Watts,Kirsten (BPA) - PSW-SEATTLE <rkwatts@bpa.gov>; Kerns,Steven R (BPA) - B-3 <srkerns@bpa.gov>; Mantifel,Russell (BPA) - B-3 <rxmantifel@bpa.gov>; Kochheiser,Todd W (BPA) - TOI-DITT-2 <twkochheiser@bpa.gov>

**Cc:** Barham, Theodore J (BPA) - PGL-5 <tjbarham@bpa.gov>; Alders, Kyna L (BPA) - PGL-5 <klalders@bpa.gov>  
**Subject:** RE: Tacoma Power Wants to Meet in January

Hi Kirsten,

As an FYI, we have setup a meet-greet conference call with TPU's EIM leadership team for this Thursday. This initial conference call was really intended to discuss EIM implementation coordination between our two respective projects and not BPA Slice. So basically it is about establishing a relationship that we can leverage as we each work towards our respective 2022 go-lives. We're both expecting this to be an ongoing dialog so one option is leveraging this forum to talk about Slice specifically.

The participants in Thursday's conference call are:

Tacoma: Behzad Hosseini (their EIM Implementation lead), Todd Lloyd, John Nierenberg, Mark Pervinich & Don McCormick – their contract EIM Integrator Lead

BPA: Roger Bentz – EIM Implementation lead, Todd Kochheiser, Rick Schaal – our contract EIM Integrator Lead

Would you like to be looped into the call?

And do you know who their Transmission AE is?

Roger



**From:** Watts,Kirsten (BPA) - PSW-SEATTLE <[rkwatts@bpa.gov](mailto:rkwatts@bpa.gov)>  
**Sent:** Tuesday, December 3, 2019 9:58 AM  
**To:** Kerns,Steven R (BPA) - B-3 <[srkerns@bpa.gov](mailto:srkerns@bpa.gov)>; Mantifel,Russell (BPA) - B-3 <[rxmantifel@bpa.gov](mailto:rxmantifel@bpa.gov)>;  
Bentz,Roger E (BPA) - B-3 <[rebentz@bpa.gov](mailto:rebentz@bpa.gov)>; Kochheiser,Todd W (BPA) - TOI-DITT-2  
<[twkochheiser@bpa.gov](mailto:twkochheiser@bpa.gov)>  
**Cc:** Barham,Theodore J (BPA) - PGL-5 <[tjbarham@bpa.gov](mailto:tjbarham@bpa.gov)>; Alders,Kyna L (BPA) - PGL-5 <[klalders@bpa.gov](mailto:klalders@bpa.gov)>  
**Subject:** RE: Tacoma Power Wants to Meet in January

Thank for your response, Steve. So noted about the full day commitment. Time is scare.

While they will appreciate the invitation to Portland, they really want all of you to come to Tacoma so more of their technical staff can directly engage with you and show you their operations. Additionally, they are trying to complete their meeting with you prior to responding to our post -2028 products and services survey so their responses will be much more informed.

Would the month of February be better for your schedules?

**R. KIRSTEN WATTS**

Power Services Customer Account Executive  
Bonneville Power Administration • Seattle Office  
Desk: 206.220.6762 • Cell: (b)(6) • Fax: 206.220.6803

**From:** Kerns,Steven R (BPA) - B-3 <[srkerns@bpa.gov](mailto:srkerns@bpa.gov)>  
**Sent:** Tuesday, December 3, 2019 9:35 AM  
**To:** Watts,Kirsten (BPA) - PSW-SEATTLE <[rkwatts@bpa.gov](mailto:rkwatts@bpa.gov)>; Mantifel,Russell (BPA) - B-3 <[rxmantifel@bpa.gov](mailto:rxmantifel@bpa.gov)>; Bentz,Roger E (BPA) - B-3 <[rebentz@bpa.gov](mailto:rebentz@bpa.gov)>; Kochheiser,Todd W (BPA) - TOI-DITT-2 <[twkochheiser@bpa.gov](mailto:twkochheiser@bpa.gov)>  
**Cc:** Barham,Theodore J (BPA) - PGL-5 <[tjbarham@bpa.gov](mailto:tjbarham@bpa.gov)>; Alders,Kyna L (BPA) - PGL-5 <[klalders@bpa.gov](mailto:klalders@bpa.gov)>  
**Subject:** RE: Tacoma Power Wants to Meet in January

Sorry for the tardy response

Yes, we are interested, however committing a whole day for this trip is going to be tricky. Could we leverage the January SIG date and have Tacoma visit with us the day before or the day after?

**From:** Watts,Kirsten (BPA) - PSW-SEATTLE <[rkwatts@bpa.gov](mailto:rkwatts@bpa.gov)>  
**Sent:** Tuesday, December 3, 2019 9:20 AM  
**To:** Kerns,Steven R (BPA) - B-3 <[srkerns@bpa.gov](mailto:srkerns@bpa.gov)>; Mantifel,Russell (BPA) - B-3 <[rxmantifel@bpa.gov](mailto:rxmantifel@bpa.gov)>; Bentz,Roger E (BPA) - B-3 <[rebentz@bpa.gov](mailto:rebentz@bpa.gov)>  
**Cc:** Barham,Theodore J (BPA) - PGL-5 <[tjbarham@bpa.gov](mailto:tjbarham@bpa.gov)>; Alders,Kyna L (BPA) - PGL-5 <[klalders@bpa.gov](mailto:klalders@bpa.gov)>  
**Subject:** RE: Tacoma Power Wants to Meet in January

Hello Steve, Russ, and Roger. I have a meeting with Tacoma Power next week and will be expected to provide

feedback about the requested January meeting. However, I need your input in order to provide an accurate response. So, what should I tell them about your interest and availability? Thanks >> Kirsten

**R. KIRSTEN WATTS**

Power Services Customer Account Executive  
Bonneville Power Administration • Seattle Office  
Desk: 206.220.6762 • Cell (b)(6) • Fax: 206.220.6803

**From:** Watts,Kirsten (BPA) - PSW-SEATTLE

**Sent:** Thursday, November 21, 2019 10:44 AM

**To:** Kerns,Steven R (BPA) - B-3 <[srkerns@bpa.gov](mailto:srkerns@bpa.gov)>; Mantifel,Russell (BPA) - B-3 <[rxmantifel@bpa.gov](mailto:rxmantifel@bpa.gov)>;  
Bentz,Roger E (BPA) - B-3 <[rebentz@bpa.gov](mailto:rebentz@bpa.gov)>; Barham,Theodore J (BPA) - PGL-5 <[tjbarham@bpa.gov](mailto:tjbarham@bpa.gov)>;  
Alders,Kyna L (BPA) - PGL-5 <[klalders@bpa.gov](mailto:klalders@bpa.gov)>

**Subject:** Tacoma Power Wants to Meet in January

**Importance:** High

Hello. I had my monthly check in with Tacoma Power yesterday (Nov 20). It turned out to be a very good meeting, culminating in Tacoma's request to meet with all of you to discuss the perceived complexities of operating in the EIM as a BPA Slice customer that operates its own BA.

While Tacoma appreciates the EIM related conversations that have occurred in the SIG, Tacoma believes it is time to step outside of the "customers within BPA's BA" discussions and start talking directly with BPA about BA to BA issues and ideas.

Does this sound like a meeting you would like to have? If so, Tacoma has proposed January (date to be determined), for a couple of hours, at its office. Can you make that work?

Looking forward to hearing from you. Thanks >> Kirsten

**R. KIRSTEN WATTS**

Power Services Customer Account Executive

Bonneville Power Administration • Seattle Office

Desk: 206.220.6762 • Cell: (b)(6) • Fax: 206.220.6803

From: Watts,Kirsten (BPA) - PSW-SEATTLE

Sent: Fri Jan 03 10:18:43 2020

To: Farleigh,Kevin S (BPA) - PSW-6; Olive,Kelly J (BPA) - PSS-6; Alders,Kyna L (BPA) - PGL-5; Barham,Theodore J (BPA) - PGL-5; Thompson,Kim T (BPA) - PS-6

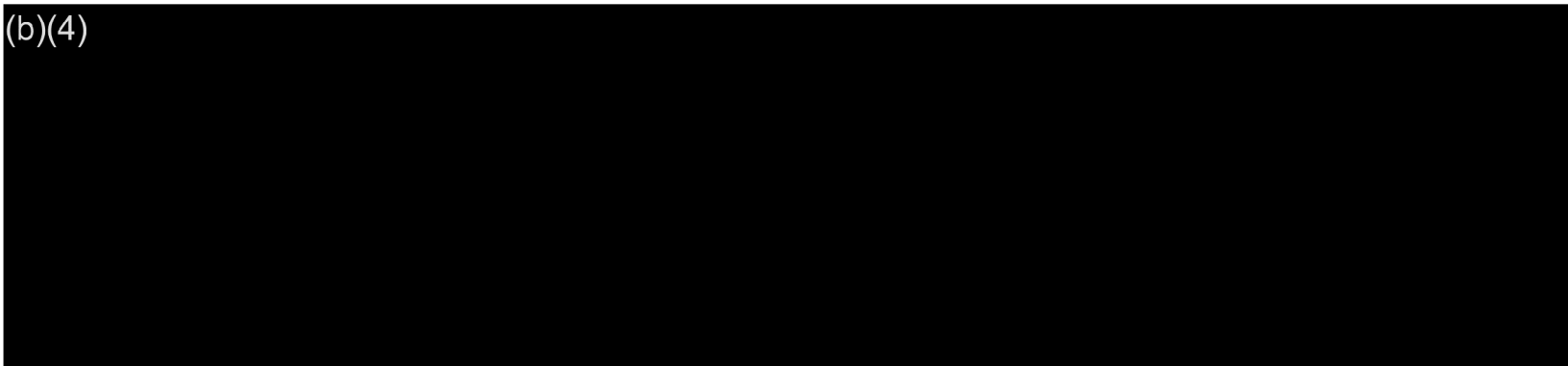
Cc: Wilson,Scott K (BPA) - PSW-6; Gillman,Richard A (BPA) - TSE-TPP-2

Subject: Tacoma Power Post-2028 Discussion Paper

Importance: Normal

Attachments: BPA Post 2028 Straw Proposal.pdf; image001.jpg; image002.jpg; image003.jpg; image004.jpg; image005.jpg; image006.jpg

(b)(4)



Please read the document and give it some thought. Feel free to share your reactions with me before the post-2028 questionnaire closes on March 31, 2020.

After the questionnaire closes, Tacoma Power would like to discuss the paper and its other post-2028 feedback.

I promised I would not broadly share the paper or the message that the utility even submitted the paper. Therefore, please help me keep my promise by not sharing this e-mail message.

If you have any questions, please let me know. >> Kirsten

**R. KIRSTEN WATTS**

Power Services Customer Account Executive  
Bonneville Power Administration • Seattle Office  
Desk: 206.220.6762 • Cell: (b)(6) • Fax: 206.220.6803

## BPA Post-2028 Proposal

### EXECUTIVE SUMMARY

(b)(4)




(b)(4)





(b)(4)



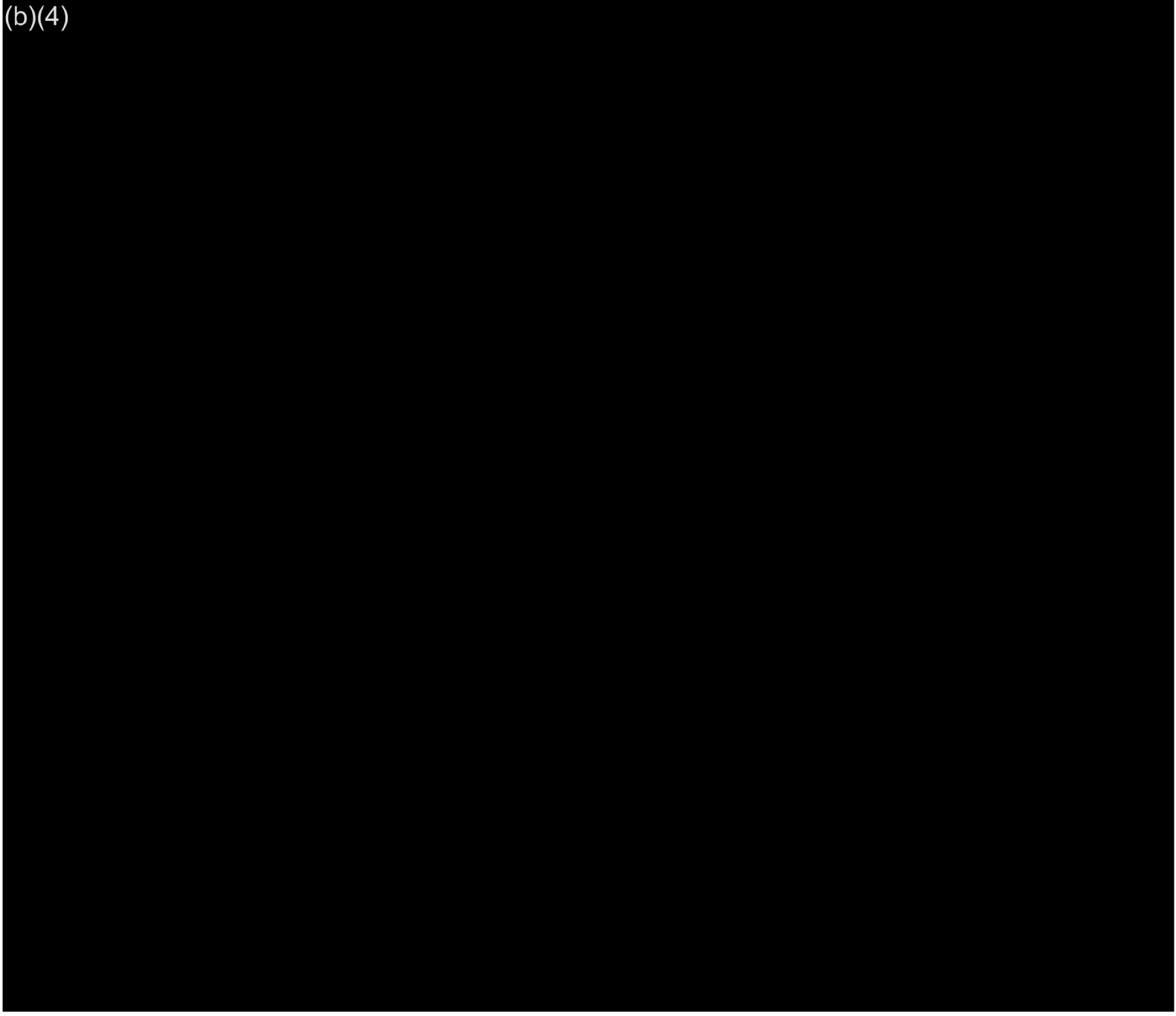
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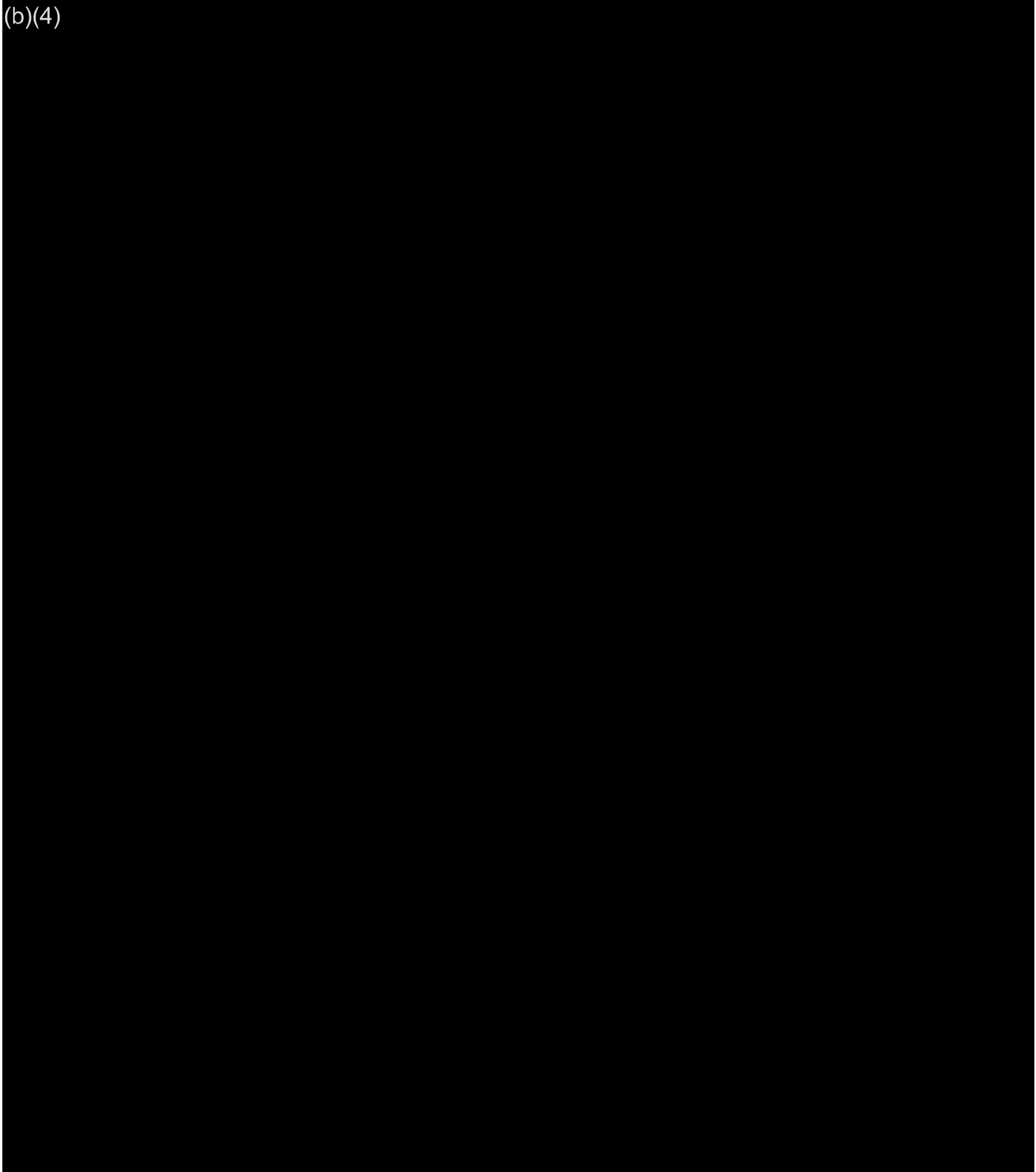
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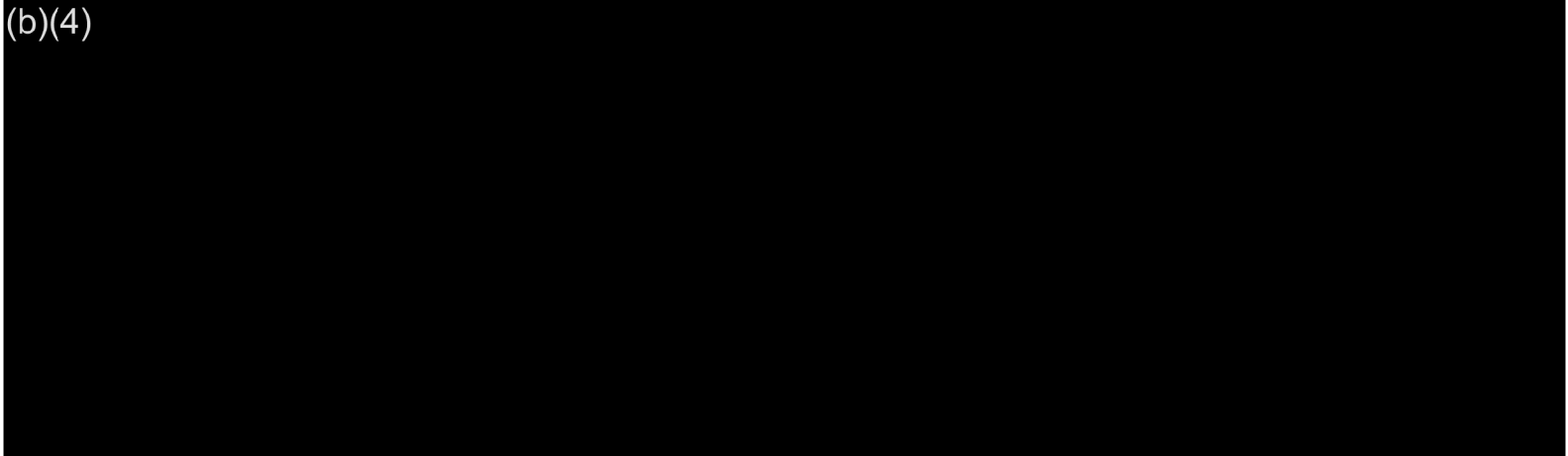
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**GLOSSARY OF TERMS**

**“Contract Resource”** – any source or amount of electric power acquired from an identified or unidentified electricity-producing unit or units by contract purchase, and for which the amount received does not depend on the actual production from an identified generating resource.

**“Dedicated Resource”** – a Specified Resource or an Unspecified Resource Amount (listed in Exhibit A) that was obligated by contract or statute to serve customer’s Total Retail Load prior to October 1, 2006.

**“Existing Resource”** - a Specified Resource (listed in Exhibit A, section 2) obligated by contract or statute to use to serve customer’s Total Retail Load prior to October 1, 2006.

**“Generating Resource”** – a source or amount of electric power from an identified electricity-producing unit for which the power received is determined by the power produced from such unit. Such unit may be owned by customer or its retail customer, in whole or in part, or output from such unit, all or any part thereof, owned for a defined contract period.

**“New Resource”** -- a (1) Specified Resource, listed in Exhibit A section 2, that was or is obligated by statute or contract to serve customers Total Retail Load after September 30, 2006, or (2) any Unspecified Resource Amount.

**“Specified Resource”** – a Generating Resource or Contract Resource that has a nameplate capability or maximum hourly purchase amount greater than 200 kilowatts, that customer is required by statute or agreed to serve its Total Retail Load. Each resource is identified in Exhibit A, sections 2 and 4 (for NLSL).

**“Unspecified Resource Amount”** – an amount of firm energy, listed in Exhibit A, sections 3 and 4, that customer has agreed to supply and use to serve its Total Retail Load. Such an amount is not attributed to a Specified Resource.

**“Federal Columbia River Power System (FCRPS)”** - The hydroelectric multipurpose facilities constructed and operated by the U.S. Army Corps of Engineers and the Bureau of Reclamation in the Pacific Northwest and the transmission system constructed and operated by BPA used to market and deliver electric power whose costs are funded and repaid through BPA power and transmission rates.

**From:** Olive,Kelly J (BPA) - PSS-6

**Sent:** Tue Jan 07 12:28:19 2020

**To:** Alders,Kyna L (BPA) - PGL-5

**Cc:** Farleigh,Kevin S (BPA) - PSW-6; Mohamoud,Farah A (BPA) - PSS-6

**Subject:** FW: status of post 2028 survey

**Importance:** Normal

**Attachments:** External timeline\_Provider of Choice10\_10\_19.docx

Kyna,

Since November, AE's have been scheduling and/or started to conduct their face-to-face meetings with each customer to walk through the survey questions. Most if not all customers should have received a Word version of the Post-2028 questionnaire. The electronic SurveyMonkey version will be identical.

As of right now, we are planning for the electronic SurveyMonkey link to be sent (from BPA's communications@bpa.gov email) on Monday, January 13. AE's are identifying the utility member or members that will receive a link to the SurveyMonkey. Those identified utility members can forward the link to others within their organization. Most AEs have scheduled their face-to-face meetings with customers for January and February. The SurveyMonkey will close at the end of March.

Once we have the results, we'll create a summary document of what we heard and share that internally by mid-late April and then the Administrator (and other executives we assume) will be doing some visits around the region. We assume various topics will be discussed, one of which will be sharing what Bonneville heard on the Post-2028 survey and testing with customers if we have captured their feedback correctly. From mid-year 2020 through late 2021 Bonneville will be working internally and with customers to develop a Post-2028 Concept Paper that will provide high-level direction on Bonneville's thinking for post-2028 policies, products, services, and rate structure.

The timeline attached can be (and likely has been) shared with customers.

Let us know if you need further information,

Kelly

**From:** Alders,Kyna L (BPA) - PGL-5  
**Sent:** Tuesday, January 07, 2020 12:15 PM  
**To:** Farleigh,Kevin S (BPA) - PSW-6; Olive,Kelly J (BPA) - PSS-6  
**Subject:** status of post 2028 survey

Hi Kevin and Kelly,

I heard from the SIG that they may ask for a status update tomorrow re the post 2028 survey and next steps. Has this gone out? Is there anything else we can share re what to expect after that?

Thanks,

Kyna

**Kyna Alders**

Bonneville Power Administration

Slice Operations & Management Supervisor

Phone: 503-230-5971 / Cell: (b)(6)

From: Anyanwu, Emeka

Sent: Wed Jan 08 17:00:03 2020

To: Thompson, Kim T (BPA) - PS-6; Connolly, Kieran P (BPA) - PG-5; Cooper, Suzanne B (BPA) - PT-5; Cook, Jeffrey W (BPA) - TP-DITT-2; Cathcart, Michelle M (BPA) - TO-DITT-2; Cook, Joel D (BPA) - P-6; Tramble, Jennifer; Louie, Shirley; Ko, Tina G (BPA) - TS-DITT-2; Santos, Mary; Garrett, Paul D (BPA) - PSS-6

Cc: Liechty, Joy; Seelig, Aliza; Espenhorst, Eric; Wright, Cindy; Walter, Josh; Johnson, Stefanie; Davis, Sarah

Subject: [EXTERNAL] RE: Emeka Anyanwu - Seattle City Light

Importance: Normal

Attachments: Agenda SCL-BPA Coordination Mtg 01-09-2020\_Final.docx

Hello BPA Team – and Happy New Year!

Please see attached the proposed agenda for tomorrow's discussion – jointly compiled by staff on both of our teams. Looking forward to a good discussion.

See you tomorrow!

Emeka

**EMEKA ANYANWU**  
**SEATTLE CITY LIGHT**  
(206) 684-3718

-----Original Appointment-----

**From:** Thompson, Kim T (BPA) - PE-6 &lt;ktthompson@bpa.gov&gt;

**Sent:** Monday, November 18, 2019 10:35 AM

**To:** Thompson, Kim T (BPA) - PE-6; Connolly, Kieran P (BPA) - PG-5; Cooper, Suzanne B (BPA) - PT-5; Cook, Jeffrey W (BPA) - TP-DITT-2; Cathcart, Michelle M (BPA) - TO-DITT-2; Cook, Joel D (BPA) - P-6; Tramble, Jennifer; Louie, Shirley; Ko, Tina G (BPA) - TS-DITT-2; Anyanwu, Emeka; Santos, Mary; Garrett, Paul D (BPA) - PSS-6

**Subject:** Emeka Anyanwu - Seattle City Light

**When:** Thursday, January 9, 2020 3:00 PM-4:00 PM (UTC-08:00) Pacific Time (US & Canada).

**Where:** HQ 670

**CAUTION: External Email**

Moving from Jan 2 to Jan 9

Thursday, January 9, 2020 – 3 to 4 p.m. PPT in BPA HQ

DRAFT

**MEETING PURPOSE**

Monthly SCL-BPA Coordination Meeting

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**AGENDA**

- |         |   |
|---------|---|
| 3:00 PM | BPA Post 2028 Contract Survey <ul style="list-style-type: none"><li>• Importance/focus for BPA</li></ul>  |
| 3:10 PM | Puget Sound Planning Update <ul style="list-style-type: none"><li>• Plan development</li><li>• NOEL outage outreach</li></ul>   |
| 3:25 PM | CAISO/EIM/EDAM Activity Update <ul style="list-style-type: none"><li>• Engagement plans</li><li>• SCL EIM – progress on market entry?</li><li>• BPA EIM settlement considerations</li></ul> |
| 3:40 PM | TC-22/BP-22/EIM III Workplan Updates <ul style="list-style-type: none"><li>• City Light's comments</li></ul>  |
| 3:55 PM | Action Items  |
| 4:00 PM | Adjourn   |

**FINAL CUSTOMER QUESTIONNAIRE ON POST-2028  
CONTRACTS, PRODUCTS, RATES**  
11/08/19

In 2016, Elliot Mainzer and other executives concluded Bonneville's Focus 2028 effort and held Provider of Choice conversations around the region. The Focus 2028 conversations culminated in Bonneville's long-term Strategic Plan released in 2018.

At the conclusion of the Provider of Choice conversations in fall of 2016, Bonneville committed to periodically continue regional conversations to understand the challenges customers are facing today and in the future as we strive to remain your provider of choice. Bonneville is fulfilling this commitment with a customer engagement period from this November through mid-2020.

Bonneville's goal is to be your cost-based, long term power provider of choice beyond 2028. Bonneville would like to hear from you.

The questions below are intended to elicit your feedback regarding the products and services you would like Bonneville to offer post-2028. By gaining an understanding of your needs, we will be better positioned to develop power sales contracts and policy for post-2028. Please know that your input is important and valuable. Please take the time to review these questions in advance of our meeting. The survey Bonneville will administer is identical to the questions below.

**Customer Profile Questions**

1. Name of the utility CLARK
2. Name of utility member who is participating in/filling out the survey GM LENA WITTLER, DAN BEDBURY, TOM HAYMAKER
3. Name of AE FARLEIGH
4. Who is filling out the SurveyMonkey?
  - AE
  - Utility Member
5. Size of utility [TRL in aMW: 0-5aMW; 6-15; 16-40; 41-100; 101-200; >200aMW]
6. State [drop down box, pre-populated: WA, OR, ID, MT, CA, NV, WY]
7. Current product purchase (drop down box, pre-populated: Load Following, Block, **Slice/Block**) [only one selection allowed]

Based on today/future: certainty with status quo-sooner than later 2030 clean energy trans act 80% green. How to adjust with 2045 regs during new contract if signed prior to 2025. Decisions depend on what is in contract, provide flexibility/abilities to make changes or decisions prior to 2030. How can Clark navigate with regs and "special" needs and current circumstances.

(b)(4)





Tom: allocation issue. T1 and T2? If that then how do you do high water mark? Load calculation? Adjustment to include NLSL? (ex: Umatilla). Resource: declared resources. How will those be reflected? How PPA and resources that have been impacted by legislation. River Rd-can't be used by Clark because of CETA? What can Clark declare to BPA? As is-3 month window to say that you would like to roll forward to 2030.

EX: Flexibility. 1<sup>st</sup> right refusal. Open season to get hwm, 90 days to ask for "X" more power. Flex between customers usage?

(Dan)2045: ID/OR/WA How does BPA deem who/what is 100% clean?

Rate credits by the month? Critical period rate budgeting. Keep rates stable. 1 or 2 year period? Managing individual reserves. Want credit? BPA projects rates/marketing floor.

2030 to 2034 has to show how you will meet regulations. Would BPA allow undeclaring a resource prior to this time period? Allowed on a yearly basis?

**1. In terms of your current product purchase from Bonneville, what is working well and what can be improved for your utility?** [comment box]

**2. In the recent Customer Satisfaction Survey Bonneville sent to preference customers, 90% of respondents said they were "satisfied with [their] current power product(s)". Bonneville interprets this information as customers generally feel that the Regional Dialogue contracts and tiered rates are working well. What is your opinion?**

- Works very well
- Works well
- Neutral
- Not working well at all

In one sentence, why did you answer the way you did? [comment box]

**3. \*Please note that the following three questions all relate to offering the same products and services post-2028, with tiered rates, as are offered under today's Regional Dialogue contracts.**

**By law, Bonneville cannot have contracts longer than a 20-year term and therefore must offer new contracts. Should Bonneville offer new contracts post-2028 that provide the**

**same products, services, and tiered rate construct as provided under the Regional Dialogue power sales contract?**

- Yes, with no changes.
- Yes, but with changes.
- No. We need to develop new policies and contracts.

**4. Using Regional Dialogue as your baseline for comparison, how would you change the new contract(s) and/or products?** [comment box]

Clark likes hedging  
Slice/Block working well

\*Res Exchange settlement 2028-overpaying?  
LDD  
Irrigation

Transfer to Transmission?  
Organized markets?  
EDAM?

**5. Post-2028, if Bonneville did end up offering the same products and services, with tiered rates, as provided under the Regional Dialogue contract (with or without changes), for what term would your utility consider ideal? Please add specificity in the comment box below.**

- Under 10 years
- 10-20 years
- 10-20, with off-ramps
  - 7-10 year contract

Please provide Bonneville additional information about the term and/or off-ramp structure that would be most attractive to your utility if Bonneville were to reoffer similar products, services and rate structure as under Regional Dialogue. [comment box]

Ramping on a flexible basis? IRP proposal to Clark's board (every 2 years) during current and future contract?

**6. Do you think your utility can be competitive post-2028 if Bonneville offered the same product offerings, and its tiered rate structure, as Regional Dialogue? Please provide explanations of why or why not.**

- Yes
- Yes, with modifications
- No
- Not sure

Additional comments? [comment box]

Cost control  
Dialogues

**7. What product offering (Load Following, Slice/Block, Block) is most appealing to your utility post-2028?**

- Load Following
- Slice/Block
- Block
- Other

Please provide an explanation of your answer and any other additional comments. [comment box]

Flexibility Load following or Slice/Block customer?

What can BPA do for Clark? What can be done to shift product one way or the other.

Clark doesn't have pref right now. All about value in the market. Secondary Crediting-Clark can only manage half.

"Capacity Product" and others from 90's

**8. Given Bonneville's strategic emphasis on competitiveness and cost control, which of the following foundational principles of Regional Dialogue do you think remain valid post-2028 and are important to your utility to carry forward? Check all that apply.**

- Lowest Tier 1 Costs and Tier 1 Rates
- Durability/Stability/Contract Enforceability
- Customer/Regional Support and Equity
- Certainty of Obligations for All Parties
- Promote Infrastructure Development Consistent with the Northwest Power Act
- Consistency with Bonneville Stewardship Obligations
- Legality

- Simplicity
- Advancement of National Objectives

Are there other principles that should underlay post-2028 policy? Please share. [comment box]

**9. In general, do you think Bonneville should maintain a structure like today with a total allocation of system and its costs, or attempt to create a new structure that moves away from the current approach?**

- Similar structure
- New structure

Please share your ideas for a new structure or approach. [comment box]

**10. Should Bonneville offer a Slice product post-2028?**

- Yes
- No
- Depends on what, if anything, is offered in its place
- No opinion

Please provide an explanation for your answer. [comment box]

**11. Question for current Slice/Block customers only: What do you value about the Slice product? If Bonneville does offer Slice post-2028, what features would you like to see included?** [comment box]

**12. Question for current Slice/Block customers only: If Bonneville only offered the Load Following or Block product (but no Slice) in the same manner as today, are we at risk of losing you as a customer post-2028?**

- Very likely
- Possibly
- Not likely
- Not applicable

Please provide as much detailed information and explanation as possible. [comment box]

**13. Question for current Slice/Block customers only: Could the right Block with shaping product make you indifferent to the removal of the Slice product?**

- Yes
- No
- Not applicable

Additional comments? [comment box]

**14. Do you think Bonneville should retain the tiered rate structure post-2028?**

- Yes
- No
- No opinion

How would you simplify or modify the rate structure? [comment box]

**15. If Bonneville does NOT re-offer the same products, services and rate structure as under the Regional Dialogue contract (whether with or without changes) what contract term length would be ideal post-2028? Please add specificity in the comment box below.**

- Under 10 years
- 10-20 years
- 10-20, with off-ramps

Additional comments? [comment box]

**16. For your business, what is the optimal frequency of rate cases? (Please note the maximum is every 5 years.)**

- 1
- 2
- 3
- 4
- 5

Additional comments? [comment box]

**17. Post-2028, should Bonneville continue to offer a self-funded energy efficiency option?**

- Yes
- No
- Maybe, with limitations
- No opinion

If yes, what share of energy efficiency should utilities self-fund? [add sliding percentage bar]

EE-self funding at a higher rate than current.

**18. Should Bonneville explore changing the current TOCA-based (equity) model for allocating EE funding?**

- Yes
- No
- No opinion

If yes, what other allocation methodology(ies) should be explored? [comment box]

**19. In the next contract period do you think that secondary sales revenue should be:**

- Forecast for the rate period and included as an offset to the priority firm power rate (excluding Slice rate). (Status quo)
- Rebated/credited back to customers at the end of the fiscal year based on actuals.
- No opinion
- Other. [Please explain in the box below.]

Additional comments? [comment box]

Reserves are solid

**20. Should and/or how could Bonneville pursue changes to modify the criteria and/or calculation of the Irrigation Rate Discount benefits?**

- Retain at current levels
- Cap
- Reduce
- Eliminate
- No opinion

Additional comments? [comment box]

What is the cost to customers who do not participate?

**21. Bonneville has a statutory requirement to provide a Low Density Discount. Should and/or how could Bonneville pursue changes, as allowed, to modify criteria and calculation of the Low Density Discount benefit?**

- Retain at current levels
- Cap
- Reduce
- No opinion

Additional comments? [comment box]

**22. Are there provisions of the Northwest Power Act that you believe the region should work to change or update?**

- Yes
- No
- No opinion

If yes, please provide your ideas. [comment box]

**23. Are you satisfied with the Residential Exchange Program Settlement Agreement?**

- Yes
- No
- No opinion

Additional comments? [comment box]



**24. Should the region consider pursuing another settlement agreement for the Residential Exchange Program?**

- Yes
- No
- No opinion

Additional comments? [comment box]

**25. Post-2028, should Bonneville consider offering a bundled power and transmission product at a melded (not tiered) rate that recovers both power and transmission costs?**

- Yes, bundled product and melded rate
- Yes, bundled product but not necessarily at a melded rate
- No
- No opinion

Additional comments? [comment box]

**26. Would your utility be interested in a 100% carbon free product?**

- Yes
- No
- Maybe

If yes, what would be a reasonable premium (in dollars)? Additional comments? [comment box]

BPA buys solar on east side.  
Would T1 include solar?

**27. What is your utility's position on nuclear energy (a baseload carbon-free resource)?**

- Glad it's in BPA's fuel mix
- Should not be in BPA's fuel mix
- Neutral about it being in BPA's fuel mix

Additional comments? [comment box]

By 2045 would not be operating, will not be included

**28. Please rank the top three elements/features in order of those that are most critical to your utility's decision to make Bonneville your provider of choice post-2028. [Displayed as three separate drop-down boxes for priority 1, 2, 3. Comment box available to add priority(ies) that aren't listed.]**

- 3Long term agreements
- Short term agreements
- Contracts with products /services similar to RD
- Contracts with products/services different than RD
- Transfer Service
- Availability of Slice product
- Viable alternative to Slice product
- Bundled power & transmission product
- Tiered Rates
- Melded rates or other rate structure
- Increased flexibility
- Increased simplicity
- Access to public benefits (LDD, IRD)
- Cost control by any means possible
- 2Measured cost control (provide details below)
- Service to New Large Single Loads
- 1Access to carbon-free power
- More self-funding in EE
- Restructured EE program
- Restructure secondary sales revenue
- EIM/day ahead market

[comment box] List any other priorities/comments

**29. What are your top two concerns as you look beyond 2028? [comment box]**

**30. Please provide any other product ideas or suggestions regarding: contracts, products, billing, other elements that you would like to see considered as Bonneville moves toward post-2028. [comment box]**

BPA to look at what is necessary staff for oversight? BPA cleaner and leaner. RSO not meaningful. Other ways?

Net requirement: makeup product that is not a free call option or unlimited energy, based upon short term forecast (NOAA). Could Clark purchase an amount short term (one day). Provide BPA revenue. Not market price driven. Actual peak product for proven load only. CRA. Capacity price? Would help Resource Adequacy for Clark. Current and Post-2028 option.

From: Kevin Kytola

Sent: Wed Jan 15 11:12:55 2020

To: Alders,Kyna L (BPA) - PGL-5; Barham,Theodore J (BPA) - PGL-5; CARDOZA Kevin; Berg, Anna

Subject: [EXTERNAL] Slice SIG: DRAFT January 8th notes for review

Importance: Normal

Attachments: SIG Meeting Minutes 01\_08\_20\_v0.docx

Hi,

Attached are draft notes from our January 8th SIG. They include an attachment with the RS Q&A based on customer questions.

It would be great to have your feedback by 12pm on Friday so I can get them out to the broader distribution by the end of the week.

Thanks

Kevin

**Kevin Kytola**

Sapere Consulting, Inc | 103 E. Main St.; Suite 301 | Walla Walla, WA 99362  
509-524-2343 (office) |(b)(6) (cell) | 509-529-7886 (fax)

**Regional Dialogue**  
**SLICE Implementation Group (SIG)**  
**Meeting Summary**  
**January 8, 2020**

**Meeting Attendees:** See Attachment 1

**I. Meeting Minutes**

- The November 14, 2019 meeting summary was approved without modification.

**II. Operations Updates**

- BON flow being managed to chum minimum by passing inflow at GCL.
- Expecting cold snap next week. The cold weather coupled with dry conditions to-date could cause evaluation of GCL minimums to hedge for dry conditions. In response to customer questions, BPA does not anticipate shifting Flow Aug storage out of January (*See email from Ted on Jan 9, 10:27 AM*).
- Some currently scheduled outages will be moved out of next week due to cold and dry forecast.
- Arrow discharges moving from 47 kcfs to 57 kcfs next week.
- Drum gate work is likely at GCL. Drum gate work will be confirmed around February 5<sup>th</sup>.

**III. Slice Contract Executive Overview Planning**

- BPA and customers discussed draft presentation materials and identified modifications for both BPA and customers to change in their respective slides.
- Brainstorming discussions of “opportunities for improvement” will not be part of executive level briefing, but rather be discussed at the operational level at a later date.

**IV. EIM Phase III Q&A**

- BPA will be focusing on Resource Sufficiency and Cost Allocation between February and June 2020.
- SIG discussed questions provided by customers in December. See Attachment 2 for the Q&A. BPA noted instances where customer ideas are welcomed to help BPA understand what would work for customers with respect to timing of decisions and identification of any operational constraints that are critical for solutions to consider.
- BPA encouraged customers to attend the January 15<sup>th</sup> customer led workshop.
- The SIG acknowledged that detailed considerations like timing of Slice decisions would be best discussed in the SIG as they are contract-specific.
- It was noted that as existing Power Purchase Agreements expire, the market dynamics will change with respect to who participates and with which resources.
- BPA hopes that CAISO will make a change on how Variable Energy Resources are addressed.
- Customers noted that treatment of transmission losses has a direct nexus with the Slice contract and that the discussion of this topic during Phase III will be important. BPA acknowledged their recognition of the issue.

## V. Miscellaneous

- EDAM Engagement: BPA noted that this will be discussed at PPC on January 29<sup>th</sup>.
- Post-2028 product surveys: BPA expects to provide customers with survey information on January 13<sup>th</sup>. Responses will be due in March. These surveys are separate from the prior general customer surveys circulated in 2019. As part of the post-2028 product surveys, BPA envisions AE engagement in discussions with customers in addition to providing survey responses.

## VI. Wrap-Up/Next Steps

- Next SIG Meeting will be February 5<sup>th</sup>.
- Executive Level Overview will be February 6<sup>th</sup> (1:30 to 3:00pm at Sheraton-PDX).
- Next Executive Meeting will be targeted for late March/early April 2020.

### Attachment 1: List of Attendees

In Attendance	
Benton PUD	
Clark Public Utilities	Tom Haymaker
Clatskanie PUD	
Cowlitz PUD	Chris Allen, Chris Velat
Emerald PUD	Kyle Roadman
EWEB	Kevin Cardoza, Jon Hart, Matt Schroettinig
Franklin PUD	Rich Sargent
Grays Harbor PUD	
Idaho Falls	
Lewis PUD	Luke Canfield
Pacific PUD	Humaira Falkenberg
Snohomish PUD	Anna Berg, Adam Cornelius, Scott Richards, Mike Shapley
Tacoma Power	Hein Ho
TEA	Randy Gregg, Ed Mount
BPA	Ted Barham, Kyna Alders, Kirsten Watts, Kevin Farleigh
Sapere Consulting	Kevin Kytola

## Attachment 2: RS Questions and SIG Discussion

1. Is it BPA's intention to market the Slice and Non-Slice share in the EIM? As such EIM revenues/credits would then flow through to the Composite cost pool?

*Current expectations are the BPA would market the "non-slice" share. Obligations would be determined by what is known as of T-75.*

2. Assuming BPA elects to enter the EIM and Slice customers lock down their RTP and transmit Base Schedules to BPA by T-55 (or T-45, T-60, or other?) would this help:
  - a. Eliminate load uncertainty at T-30 for the BPA BA?
  - b. Enable BPA to better optimize the available Tier 1 System capability for purposes of bid range?
  - c. BPA to pass the Resource Sufficiency Balancing Test?
  - d. BPA to pass the Resource Sufficiency Flexible Ramp Sufficiency Test?

*Yes*

3. If 2a and 2b represents risk reduction and positive opportunity/benefits for BPA, would BPA consider allocating the EIM revenue/credits to the composite cost pool?

*Further evaluation and discussion needed. There is uncertainty about how value would be established by locking in base schedules earlier. BPA welcomes customer ideas on this question. Considerations could include a) determining if there is customer benefit to using EIM to manage wind deviations rather than adjusting Slice; b) relating resource sufficiency as a trigger for EI/GI rate structure; c) connection between energy made available from early lock-down to a BPA system obligation that has clear benefit to the composite cost pool.*

4. What are BPA's initial thoughts on whether or not it will require Slice customers to pass the Resource Sufficiency Balancing Test at the customer level (sub-BAA)? All customers?

*This will be a topic of the February 25<sup>th</sup> BPA workshop. BPA welcomes customer input on how to address impacts. BPA noted that impacts that are solely financial could be managed by rate strategies, where operational impacts (e.g., hydro plant operating constraints) may have to be managed differently. Need to define the right incentives for the desired behavior and determine how rigorous of a solution is necessary.*

5. Does BPA envision it would ever ask Slice customers to adjust their RTP in order to help BPA pass the Resource Sufficiency Balancing Test with CAISO? *No*

6. Same question if no BOS Flex were used by Slice customers but made available to BPA for passing the Resource Sufficiency Balancing Test, Resource Sufficiency Flexible Ramp Sufficiency Test, or monetizing in the EIM through adjusted bid ranges?

*Further evaluation and discussion needed. BPA welcomes customer ideas on this question.*

7. We assume that BPA's threshold (99% of the time for example) to pass the Resource Sufficiency Balancing Test impacts BPA's Tier 1 System Obligations like it does today. Is that correct?

*It depends. The answer would be "yes" if BPA Power Services is the backup for the EIM Entity meeting the 99% threshold AND the calculation is over the entire rate period as done today (this*

would be built into Gen Inputs). The answer would be “no” if both of the “yes” conditions are not met (i.e., if the calculation is performed on a monthly basis).

8. Other EIM Entities require that their load be provided or input into BSAP by T-60 or T-75. What is BPA’s thinking on this?

*BPA’s aspiration is that they can capture the necessary load information from existing sources and customers would not have to enter information into BSAP.*



Clark Post-2028 Meeting Notes – 1/13/20

Utility Attendees: Dan Bedbury, Tom Haymaker

Key Takeaways:

- Want ability to have “parallel path” discussions where BPA works with both public power (PPC) in aggregate, but also Clark individually
  - Clark is unique given River Road
  - CETA driving their resource planning

(b)(4)

- Resources affected by regulations a basis for Administrator removal?
- Contract timing (signing dates, duration) need to consider CETA timing. E.g. 2030 CETA goes effective. 2045 100% carbon free. (may conveniently coincide with expiration of next 20-yr contract, if we end up there)
- They need flexibility / ability to make decisions prior to 2030 to meet goals. The earlier they have certainty the better from a planning standpoint. May be interested in feathering additional BPA purchases prior to 2028 if possible.
- Capacity needs.
  - Continuing to look at options for River Road including making investments to add flexibility. Still wouldn't be a traditional “peaking” resource, but more flexibility than today's baseload resource. Also potential for Participating Resource in EIM.
  - BPA capacity / Load following product could be a fit as well. “Resource Adequacy” product?

(b)(4)

- Focus for BPA should be on big cost driver issues (those tougher to control), though happy with the work Power has done to date re: controllable costs. More concerned with Transmission (budgeted work not getting done).
- Top priorities (mirrors WPAG priorities): 1) Carbon free, 2) Cost control, 3) Long term
- Key Questions will be:
  - Basis for HWM (no change from today? Or updates based on load changes. What if other utilities don't use their full allocation?)
  - Resource declarations – how can they add, reduce resources and maintain flexibility to add/reduce BPA purchases (certainly between contracts; potentially within contract term)

Other Specifics:

- Preference for 10-20 year term
- Likely leave LDD and IRD alone (retain at current levels)
- Thinks BPA's price premium compared to market is greater than \$7/mwh
- Most important principles: Low and stable T1 rates, Planning certainty, Promote infrastructure (RA)
- 2-yr rate period good. We're all used to the cadence.
- EE: Favor 100% self fund. Smaller utilities could utilize a T2/optional service to get more BPA help. Clark is lean and mean. Uses NEEA, contractors. Clark would favor us exploring a change to the TOCA based equity model.
- Secondary should be rebated back after the FY (a change from today where we build in a credit into rates based on forecasted 2ndary)
- Don't pursue a bundled Power/Transmission product. "makes no sense"
- "maybe" pursue a 100% carbon free.
  - Don't replace expiring wind. Consider replacing/augmenting with solar. East side solar a better resource. Perhaps an elective (Tier 2 like product – my words).
  - Is there a way to "deem" BPA power carbon free for utilities who need it? Let the others elect the rest...?
- Nuclear - not against SMRs. CETA allows for SMRs, but doesn't count CGS beyond 2045 (assumes no license renewal. Law would likely need to change if we were to extend license... I'm not sure if this is right; would need to research via convo with Liz K.)
- Do away with RSO Test! Not a good use of BPA or utility resources. Good example of a way to explore going "leaner" staffing wise. Oversight, etc. not great use of staff.
- Move transfer costs to transmission
-

**FINAL CUSTOMER QUESTIONNAIRE ON POST-2028  
CONTRACTS, PRODUCTS, RATES**  
11/08/19

In 2016, Elliot Mainzer and other executives concluded Bonneville's Focus 2028 effort and held Provider of Choice conversations around the region. The Focus 2028 conversations culminated in Bonneville's long-term Strategic Plan released in 2018.

At the conclusion of the Provider of Choice conversations in fall of 2016, Bonneville committed to periodically continue regional conversations to understand the challenges customers are facing today and in the future as we strive to remain your provider of choice. Bonneville is fulfilling this commitment with a customer engagement period from this November through mid-2020.

Bonneville's goal is to be your cost-based, long term power provider of choice beyond 2028. Bonneville would like to hear from you.

The questions below are intended to elicit your feedback regarding the products and services you would like Bonneville to offer post-2028. By gaining an understanding of your needs, we will be better positioned to develop power sales contracts and policy for post-2028. Please know that your input is important and valuable. Please take the time to review these questions in advance of our meeting. The survey Bonneville will administer is identical to the questions below.

**Customer Profile Questions**

1. Name of the utility SUB
2. Name of utility member who is participating in/filling out the survey GM JEFF NELSON, BOB FONDREN, TRACY RICHARDSON
3. Name of AE FARLEIGH
4. Who is filling out the SurveyMonkey?
  - AE
  - Utility Member
5. Size of utility [TRL in aMW: 0-5aMW; 6-15; 16-40; **41-100**; 101-200; >200aMW]
6. State [drop down box, pre-populated: WA, **OR**, ID, MT, CA, NV, WY]
7. Current product purchase (drop down box, pre-populated: **Load Following**, Block, Slice/Block) [only one selection allowed]

**1. In terms of your current product purchase from Bonneville, what is working well and what can be improved for your utility?** [comment box]

**2. In the recent Customer Satisfaction Survey Bonneville sent to preference customers, 90% of respondents said they were “satisfied with [their] current power product(s)”. Bonneville interprets this information as customers generally feel that the Regional Dialogue contracts and tiered rates are working well. What is your opinion?**

- Works very well
- Works well
- Neutral
- Not working well at all

In one sentence, why did you answer the way you did? [comment box]

**3. \*Please note that the following three questions all relate to offering the same products and services post-2028, with tiered rates, as are offered under today’s Regional Dialogue contracts.**

**By law, Bonneville cannot have contracts longer than a 20-year term and therefore must offer new contracts. Should Bonneville offer new contracts post-2028 that provide the same products, services, and tiered rate construct as provided under the Regional Dialogue power sales contract?**

- Yes, with no changes.
- Yes, but with changes.
- No. We need to develop new policies and contracts.

**4. Using Regional Dialogue as your baseline for comparison, how would you change the new contract(s) and/or products? [comment box]**

**5. Post-2028, if Bonneville did end up offering the same products and services, with tiered rates, as provided under the Regional Dialogue contract (with or without changes), for**

**what term would your utility consider ideal? Please add specificity in the comment box below.**

- Under 10 years
- 10-20 years
- 10-20, with off-ramps

Please provide Bonneville additional information about the term and/or off-ramp structure that would be most attractive to your utility if Bonneville were to reoffer similar products, services and rate structure as under Regional Dialogue. [comment box]

**6. Do you think your utility can be competitive post-2028 if Bonneville offered the same product offerings, and its tiered rate structure, as Regional Dialogue? Please provide explanations of why or why not.**

- Yes
- Yes, with modifications
- No
- Not sure

Additional comments? [comment box]

**7. What product offering (Load Following, Slice/Block, Block) is most appealing to your utility post-2028?**

- Load Following
- Slice/Block
- Block
- Other

Please provide an explanation of your answer and any other additional comments. [comment box]

**8. Given Bonneville's strategic emphasis on competitiveness and cost control, which of the following foundational principles of Regional Dialogue do you think remain valid post-2028 and are important to your utility to carry forward? Check all that apply.**

- Lowest Tier 1 Costs and Tier 1 Rates
- Durability/Stability/Contract Enforceability
- Customer/Regional Support and Equity
- Certainty of Obligations for All Parties
- Promote Infrastructure Development Consistent with the Northwest Power Act
- Consistency with Bonneville Stewardship Obligations
- Legality
- Simplicity
- Advancement of National Objectives

Are there other principles that should underlay post-2028 policy? Please share. [comment box]

**9. In general, do you think Bonneville should maintain a structure like today with a total allocation of system and its costs, or attempt to create a new structure that moves away from the current approach?**

- Similar structure
- New structure

Please share your ideas for a new structure or approach. [comment box]

**10. Should Bonneville offer a Slice product post-2028?**

- Yes
- No
- Depends on what, if anything, is offered in its place
- No opinion

Please provide an explanation for your answer. [comment box]

**11. Question for current Slice/Block customers only: What do you value about the Slice product? If Bonneville does offer Slice post-2028, what features would you like to see included? [comment box]**

**12. Question for current Slice/Block customers only: If Bonneville only offered the Load Following or Block product (but no Slice) in the same manner as today, are we at risk of losing you as a customer post-2028?**

- Very likely
- Possibly
- Not likely
- Not applicable

Please provide as much detailed information and explanation as possible. [comment box]

**13. Question for current Slice/Block customers only: Could the right Block with shaping product make you indifferent to the removal of the Slice product?**

- Yes
- No
- Not applicable

Additional comments? [comment box]

**14. Do you think Bonneville should retain the tiered rate structure post-2028?**

- Yes
- No
- No opinion

How would you simplify or modify the rate structure? [comment box]

**15. If Bonneville does NOT re-offer the same products, services and rate structure as under the Regional Dialogue contract (whether with or without changes) what contract term length would be ideal post-2028? Please add specificity in the comment box below.**

- Under 10 years
- 10-20 years
- 10-20, with off-ramps

Additional comments? [comment box]

**16. For your business, what is the optimal frequency of rate cases? (Please note the maximum is every 5 years.)**

- 1
- 2
- 3
- 4
- 5

Additional comments? [comment box]



**17. Post-2028, should Bonneville continue to offer a self-funded energy efficiency option?**

- Yes
- No
- Maybe, with limitations
- No opinion

If yes, what share of energy efficiency should utilities self-fund? [add sliding percentage bar]

**18. Should Bonneville explore changing the current TOCA-based (equity) model for allocating EE funding?**

- Yes
- No
- No opinion

If yes, what other allocation methodology(ies) should be explored? [comment box]

**19. In the next contract period do you think that secondary sales revenue should be:**

- Forecast for the rate period and included as an offset to the priority firm power rate (excluding Slice rate). (Status quo)
- Rebated/credited back to customers at the end of the fiscal year based on actuals.
- No opinion
- Other. [Please explain in the box below.]

Additional comments? [comment box]

**20. Should and/or how could Bonneville pursue changes to modify the criteria and/or calculation of the Irrigation Rate Discount benefits?**

- Retain at current levels
- Cap
- Reduce
- Eliminate
- No opinion

Additional comments? [comment box]

**21. Bonneville has a statutory requirement to provide a Low Density Discount. Should and/or how could Bonneville pursue changes, as allowed, to modify criteria and calculation of the Low Density Discount benefit?**

- Retain at current levels
- Cap
- Reduce
- No opinion

Additional comments? [comment box]

**22. Are there provisions of the Northwest Power Act that you believe the region should work to change or update?**

- Yes
- No
- No opinion

If yes, please provide your ideas. [comment box]

**23. Are you satisfied with the Residential Exchange Program Settlement Agreement?**

- Yes
- No
- No opinion

Additional comments? [comment box]

**24. Should the region consider pursuing another settlement agreement for the Residential Exchange Program?**

- Yes
- No
- No opinion

Additional comments? [comment box]

**25. Post-2028, should Bonneville consider offering a bundled power and transmission product at a melded (not tiered) rate that recovers both power and transmission costs?**

- Yes, bundled product and melded rate
- Yes, bundled product but not necessarily at a melded rate
- No
- No opinion

Additional comments? [comment box]

**26. Would your utility be interested in a 100% carbon free product?**

- Yes
- No
- Maybe

If yes, what would be a reasonable premium (in dollars)? Additional comments? [comment box]

**27. What is your utility's position on nuclear energy (a baseload carbon-free resource)?**

- Glad it's in BPA's fuel mix
- Should not be in BPA's fuel mix
- Neutral about it being in BPA's fuel mix

Additional comments? [comment box]

**28. Please rank the top three elements/features in order of those that are most critical to your utility's decision to make Bonneville your provider of choice post-2028. [Displayed as three separate drop-down boxes for priority 1, 2, 3. Comment box available to add priority(ies) that aren't listed.]**

- Long term agreements
- Short term agreements
- Contracts with products /services similar to RD
- Contracts with products/services different than RD
- Transfer Service
- Availability of Slice product
- Viable alternative to Slice product
- Bundled power & transmission product
- Tiered Rates
- Melded rates or other rate structure
- Increased flexibility
- Increased simplicity
- Access to public benefits (LDD, IRD)

- Cost control by any means possible
- Measured cost control (provide details below)
- Service to New Large Single Loads
- Access to carbon-free power
- More self-funding in EE
- Restructured EE program
- Restructure secondary sales revenue
- EIM/day ahead market

[comment box] List any other priorities/comments

**29. What are your top two concerns as you look beyond 2028?** [comment box]

**30. Please provide any other product ideas or suggestions regarding: contracts, products, billing, other elements that you would like to see considered as Bonneville moves toward post-2028.** [comment box]

EEI – BPA not going to address it, not worth the time. Let the customers shift the money as needed.

Nuclear power is a political issue.

BPA needs to be mindful of a certain city's or group of what they want. But just do what we need to do. Political issues shouldn't impact BPA's core issues.

BPA should do what it does, don't let others slow us down, stick to our process.

**Highlights**

1. Current product: working great. Transparency
2. Working well, bills are correct, transparency
3. Yes, with changes, most favored nations clause
4. Most favored nations clause on the front end, BPA will approach things more clearly. Customers will want their contract to be different with what works for them. If you treat

it with the most favored nations clause, then the contracts will be more simple and BPA could just provide products without side deals or different products.

5. 10-20 with off ramps
6. Yes, with some modifications, centered around most favored nations clause again.
7. Load Following
8. Lowest Tier 1 Cost and Tier 1 Rates  
Legality  
[Missed the first one]  
A lot of customers just want BPA to fix their problems
9. Similar Structure
10. Yes, if it's similar
11. N/A
12. N/A
13. N/A
14. Yes, but if we're going to have all the things like new customers and such, it should just do melded rates. Because of Tiered Rates, there are requests for shorter contract periods. Some might grow faster, some might grow slower, so the CHWM makes it harder for Tiered Rates. If we keep the CHWM as is, and not adjust them, Tiered Rates makes sense. But if there are adjustments, then Melded Rates
15. If BPA doesn't offer the same products, under 10 years. 10-15 years if we stay with the same products
16. 2 year
17. No, BPA has statutory obligation. If someone has excess EEI funds, the utilities can make arrangement for others to take them. Or look to others if they need more. Or self fund. Not going to pay more because another customer who has more pull needs more.
18. No, can always fall back on bilateral deals if they have less than they need.  
Circumstances where one utility needs something more, and we say no, but then others need it or we need to meet a target, we reevaluate the original request.
19. Forecast if it stays at 2 years, Needs to more linked to actuals if it's over 5
20. Eliminate
21. Reduce
22. No, if we open it up, it will be like opening up Pandora's box for changes.
23. States are making decisions that increase costs for IOUs. Getting regulatory relief or legal risk to do other things like fire risk. Is the BPA obligation under the Power Act correctly linked to the RE calculations when the IOUs are spending more money because of the state requirements. BPA needs to make sure that we are giving the benefits to the residential and small farms according to the act. So, maybe. Otherwise, status quo.
24. Yes
25. No. Concerned that it would be lost in translation. One bill, yes. Melding the rates, creates a problem that could be solved itself.
26. Maybe. If a wind product is available. Utilities have mechanisms to green their fuel mix with RECs and such. BPA should not go out and buy wind because our other resources [like the snakes] go away.
27. Yes. But, just because a utility says they are ok with nuclear, doesn't mean that that customer should get all of the nuclear and others that don't like nuclear, should get all the wind.

28. Contracts with products similar to RD, Cost control by any means possible, Access to carbon-free power.
29. Residential exchange, Canadian entitlement
30. Most favored Nations clause



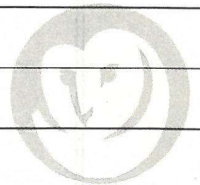
## EWGB

- How many customers are PPC? - 120.
- Staffing issues - does BPA have staff for all projects EM, EDAM + contracts.
- worried about the issues that BPA has no control over - the big 5.
- more communication for when we are working on things. - understanding that this is on the radar.
- Dan James - BPA legal looking into reviewing statutes.
- ~~Thinks~~ REP needs to go away
- Flexibility of core product. - hourly load service
- Block w/ shaping capacity
  - sub-hourly flexibility
  - daily schedules
- High level support of TEM & RP.
- Transfer - supportive of JMW's being a part of the transmission business line.
- no opinion on LOD
- would like to see IPR tied to demand response.
  - doesn't want to dramatically impact the ability to irrigate
- EE - not interested in roundtripping
- what is the value of the counsel.
  - seems like all data seems to be inaccurate
- Proceed w/ caution when opening up Power Act.
- would like to see BPA having the ability to own resources. - up to a certain point.
- ~~could~~ are ~~ability~~ constrained to do anything to but RPPs



- Resource adequacy problem in the NW.
- Concerned that the current resources are not sufficient
- when does BPA have a plan to be off debt?
- how long do we intend to have the WPS debt - extend borrowing authority.
- Why is BPA's sales an aggregate and not 100% hydro.
  - why is there not a way to separate them out.
  - CEDA + RPS requirements are making this to be clear.
  - REC's - not sure if any change is needed.

\*Exhibit E



Recycled Paper

**From:** Berg, Anna

**Sent:** Tue Feb 04 20:47:47 2020

**To:** Alders,Kyna L (BPA) - PGL-5; Kevin Kytola

**Subject:** [EXTERNAL] Use this one - fixed some formatting Slice Executive Product Overview v2.4 draft AB updates.pptx

**Importance:** Normal

**Attachments:** Slice Executive Product Overview v2.4 draft AB updates.pptx

A green geometric graphic at the top of the slide, consisting of a large triangle divided into several smaller triangles by white lines. The overall shape is a long, thin triangle pointing to the right.

# An Executive Overview of the Slice Product - **DRAFT**

February 6, 2020

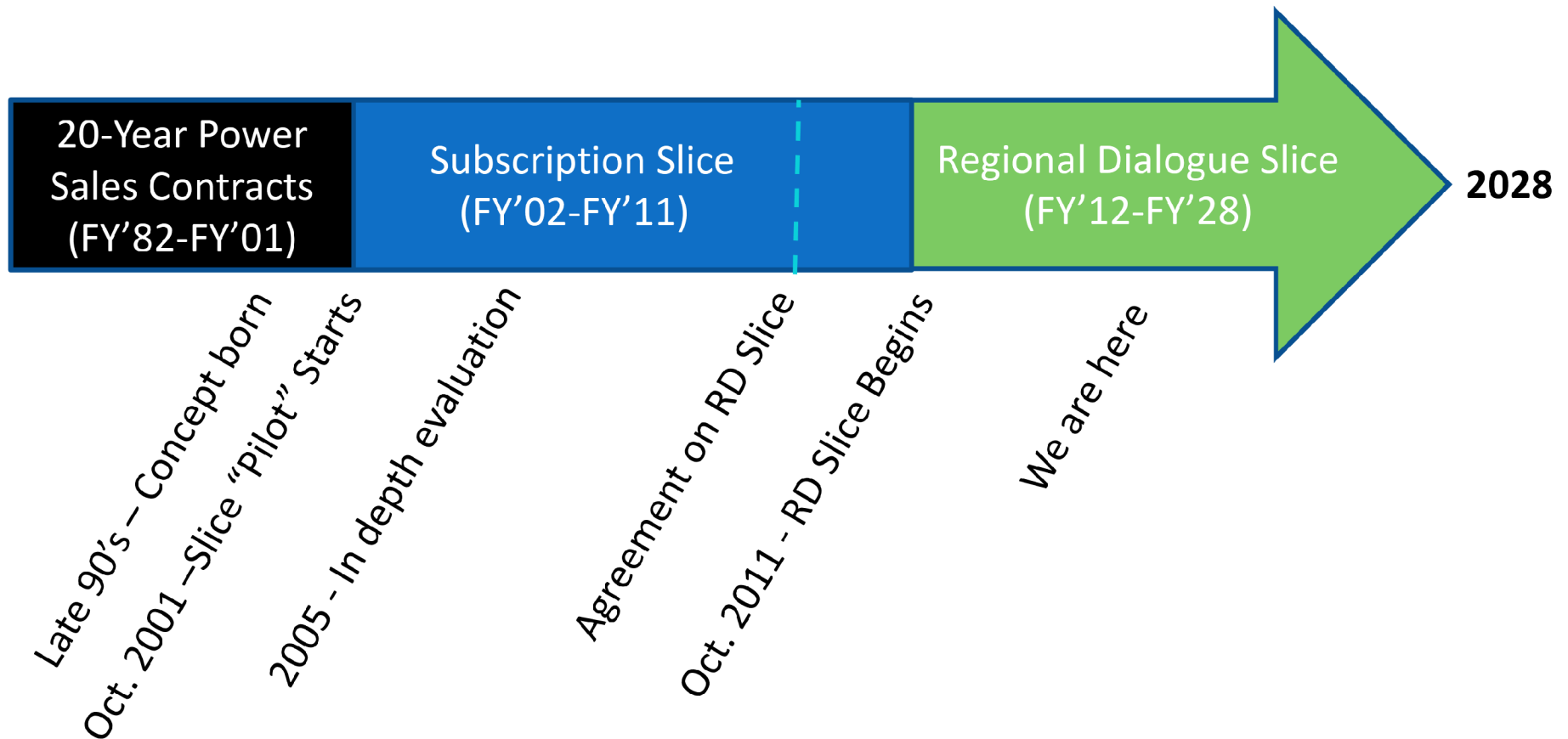
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## Outline:

- Brief product history
- Rate construct
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- Slice Customer perspective

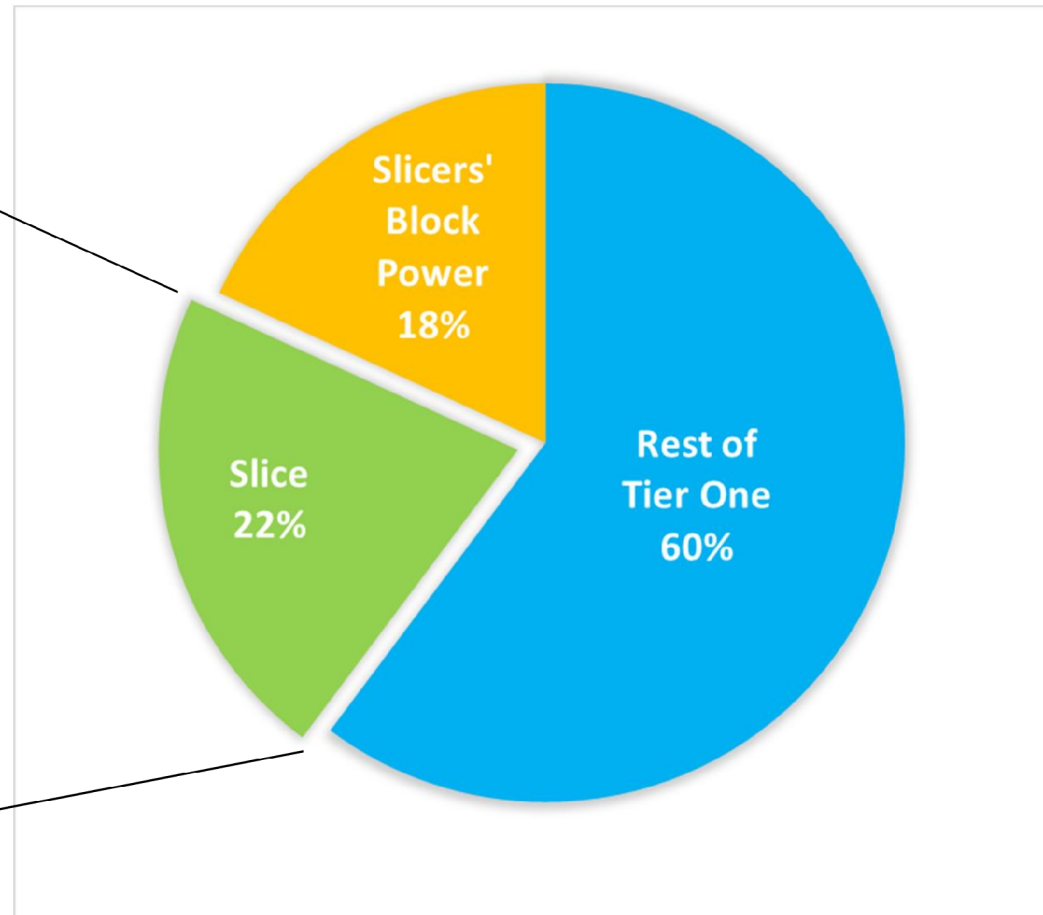
# A Very Brief Product History



# Current Slice Customers

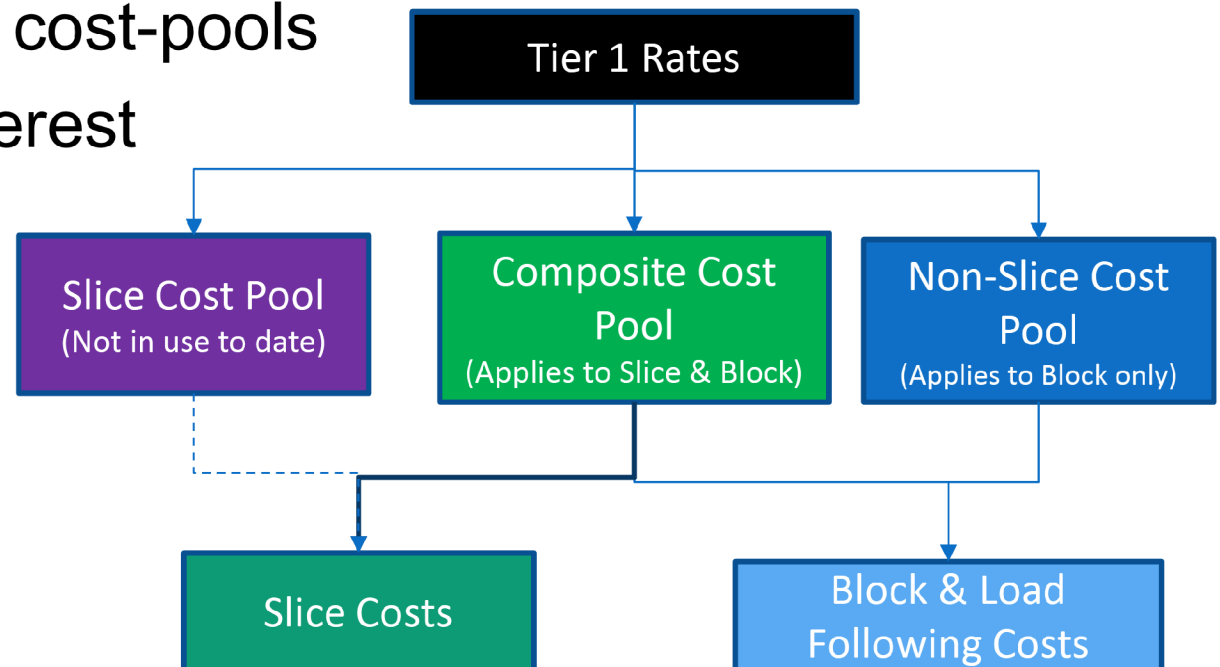
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# Product Rate Construct

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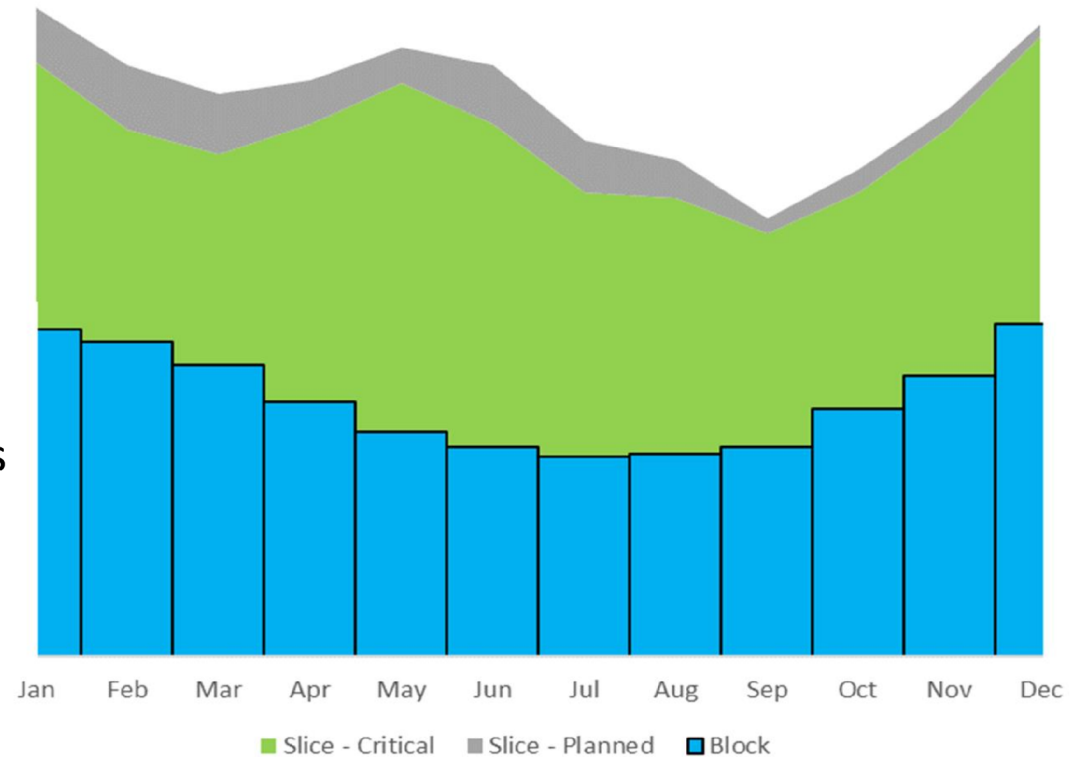
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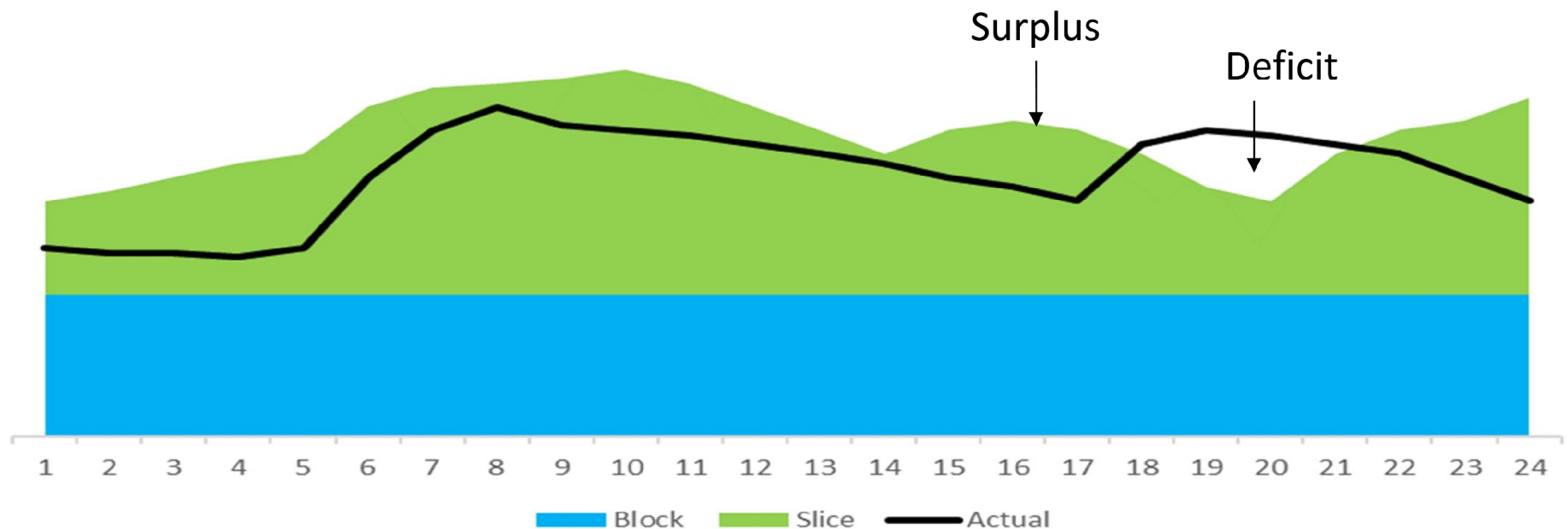




# About the Product

- Customer establishes Slice “Right to Power”
- May see surplus or deficit in any hour

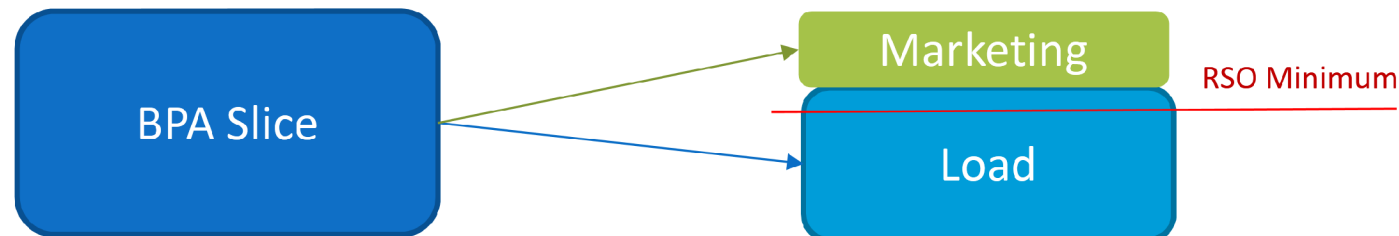
Hourly Perspective



# Slice as a Requirements Product

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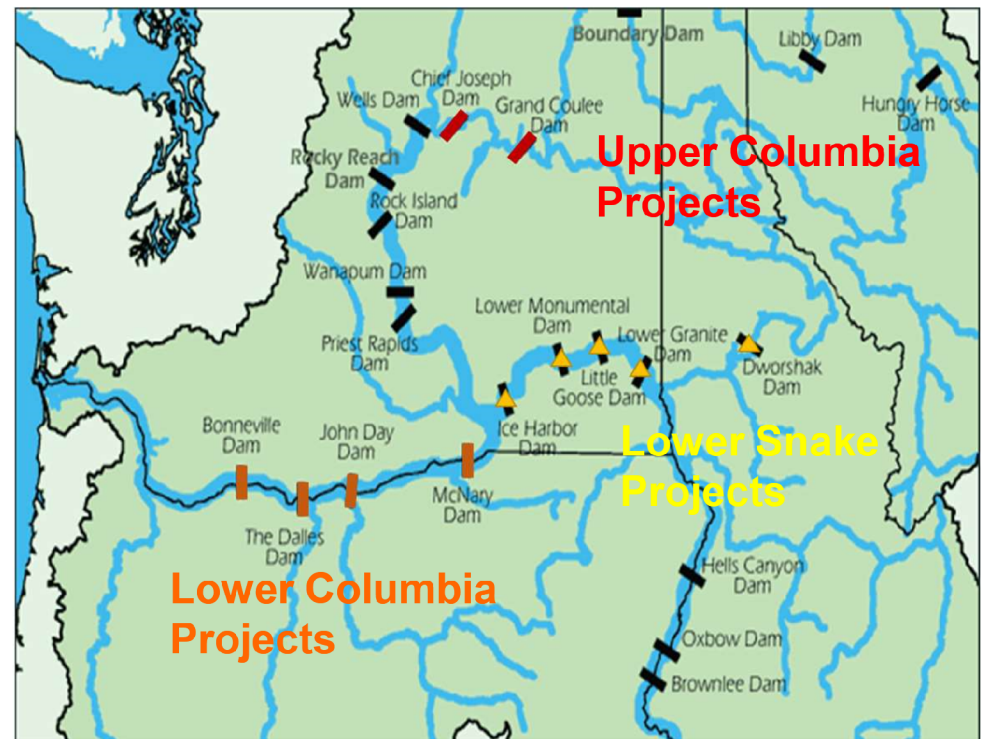
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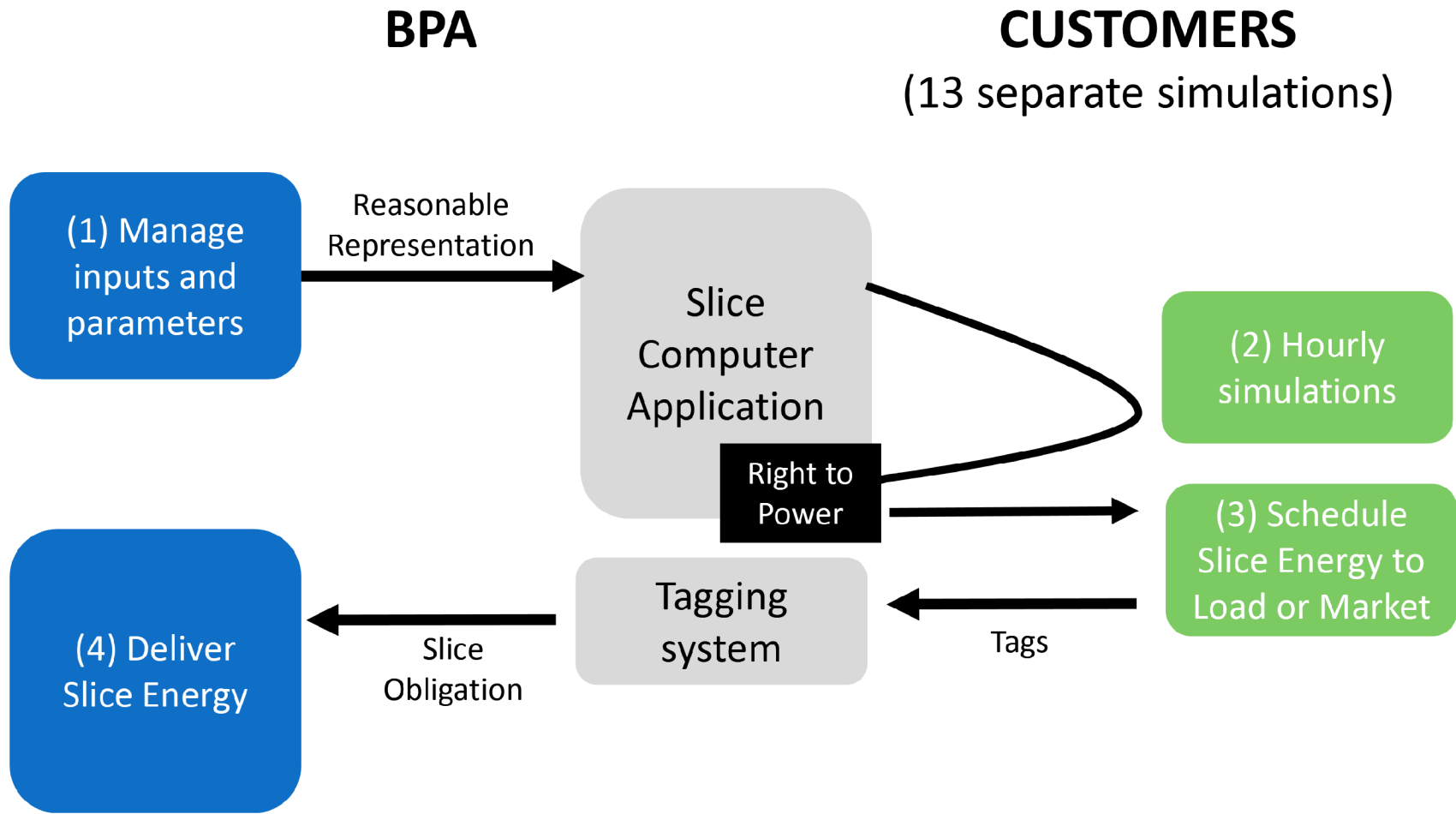


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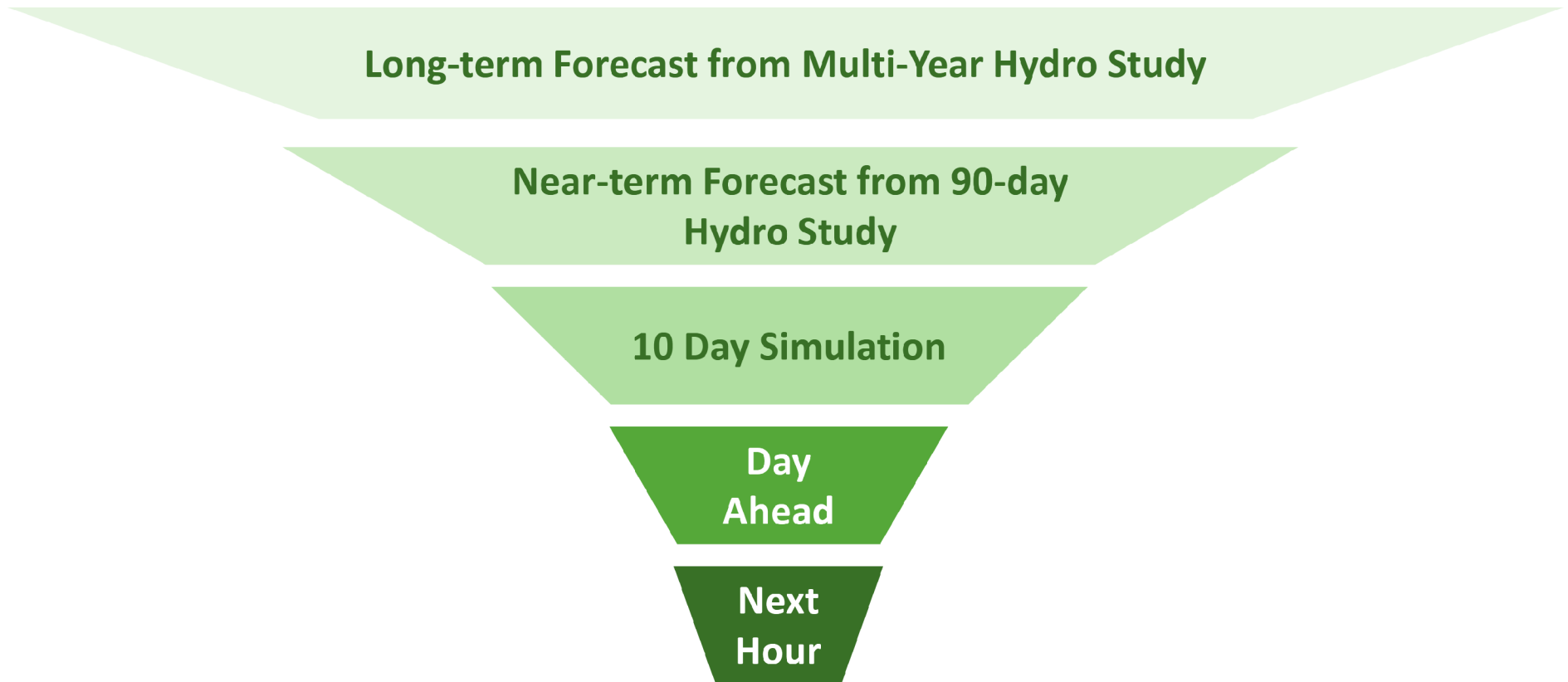
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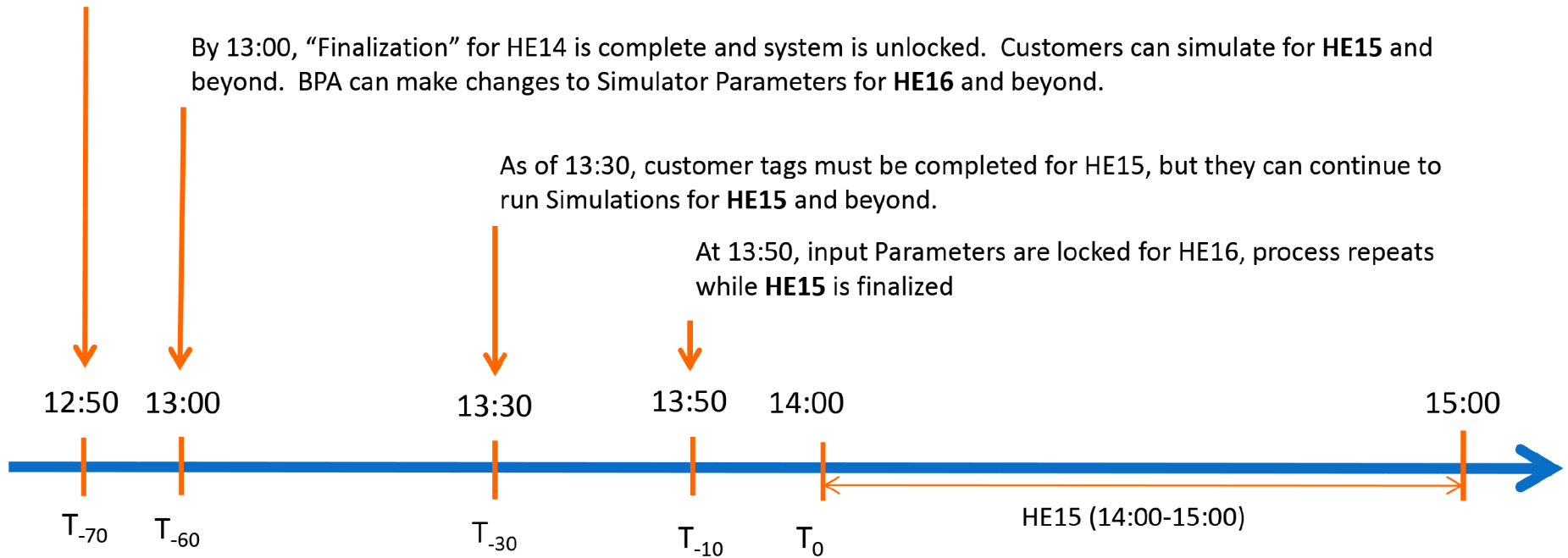
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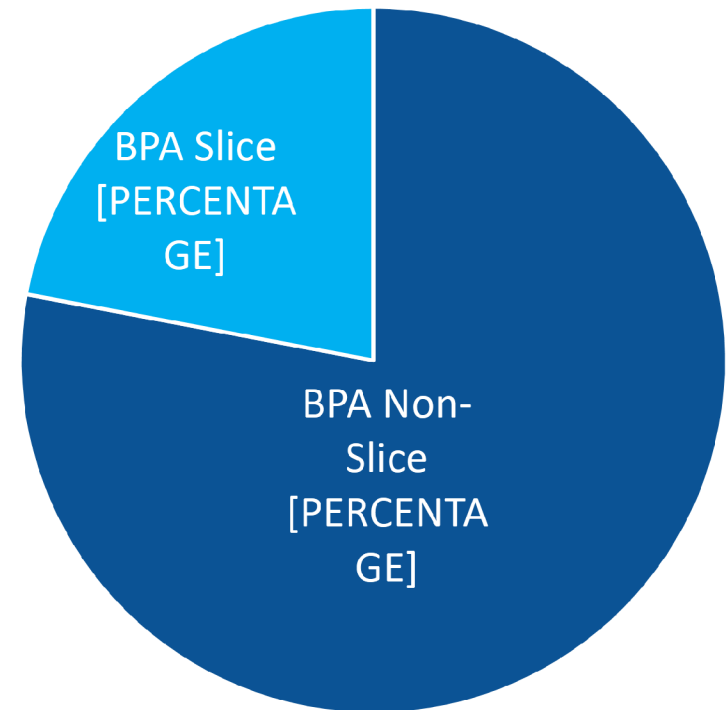


# Product Implications for BPA

Benefits	Challenges
Revenue Stability	Financial Complexity
Operational Risk Sharing	Implementation Complexity
FCRPS Visibility	Load/Scheduling Uncertainty

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- BPA coordinates and plans actual FCRPS operations.
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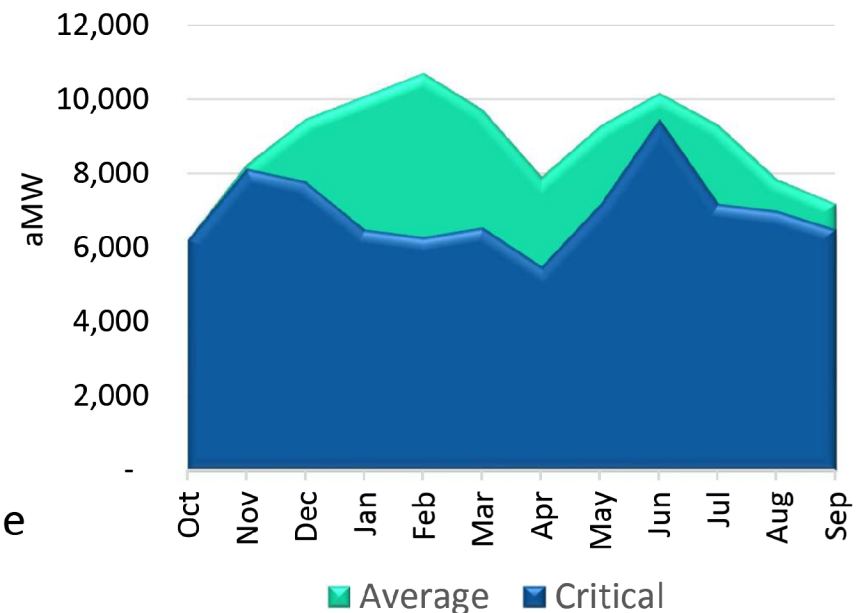
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**THE FINE PRINT**  
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# Q&A

From: Kevin Kytola

Sent: Wed Feb 05 16:35:09 2020

To: Berg, Anna; Alders, Kyna L (BPA) - PGL-5

Subject: [EXTERNAL] Slice Exec Presentation - FINAL

Importance: Normal

Attachments: Slice Executive Product Overview v2.5 final.pptx

Anna & Kyna,

Attached is the final PowerPoint file for tomorrow's meeting. I'll send a PDF version to the other SIG members.

Kevin

**Kevin Kytola**

Sapere Consulting, Inc | 103 E. Main St.; Suite 301 | Walla Walla, WA 99362  
509-524-2343 (office) (b)(6) (cell) | 509-529-7886 (fax)



A green geometric graphic consisting of several triangles and quadrilaterals of varying sizes, arranged in a horizontal line that tapers from left to right. The shapes are defined by white outlines.

# An Executive Overview of the Slice Product

February 6, 2020

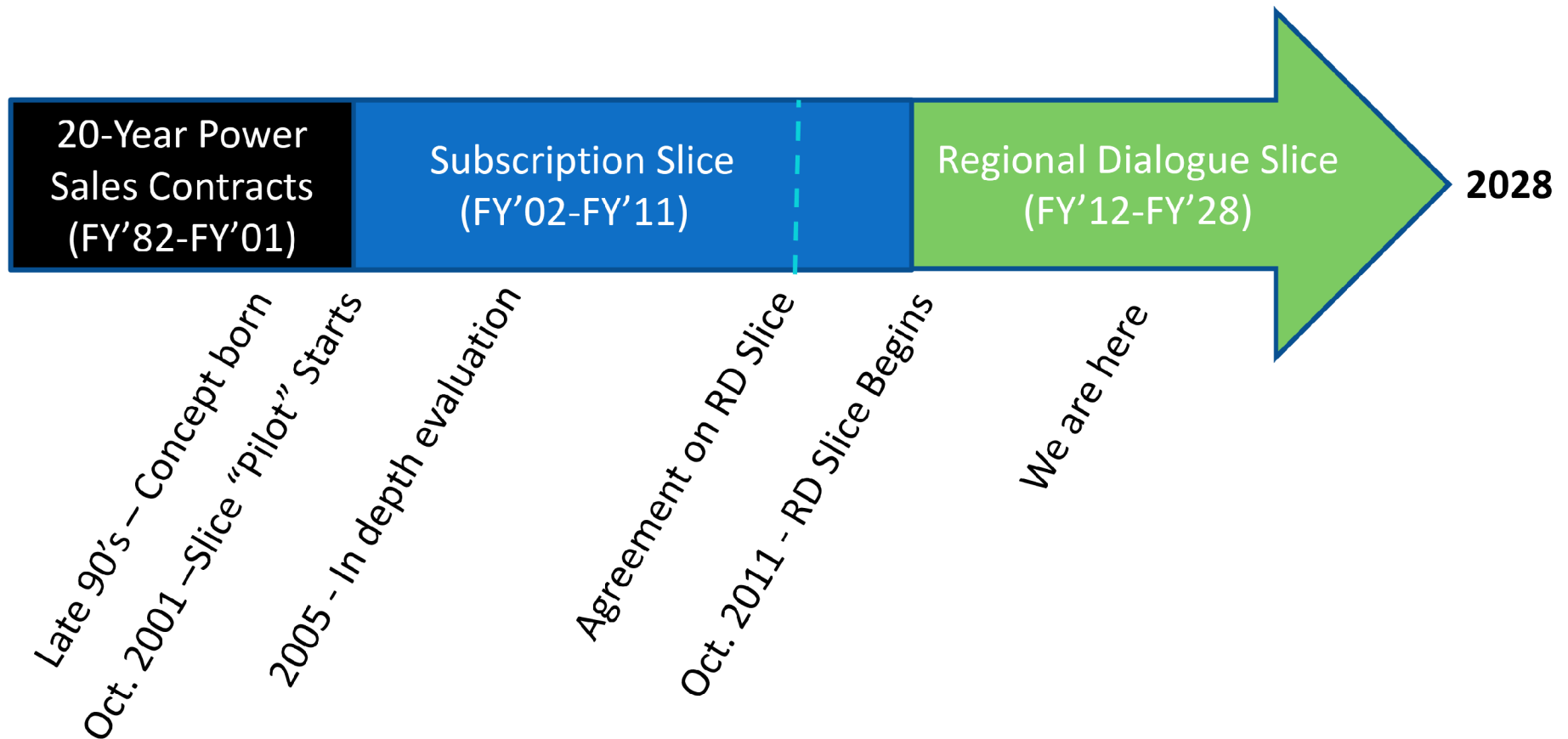
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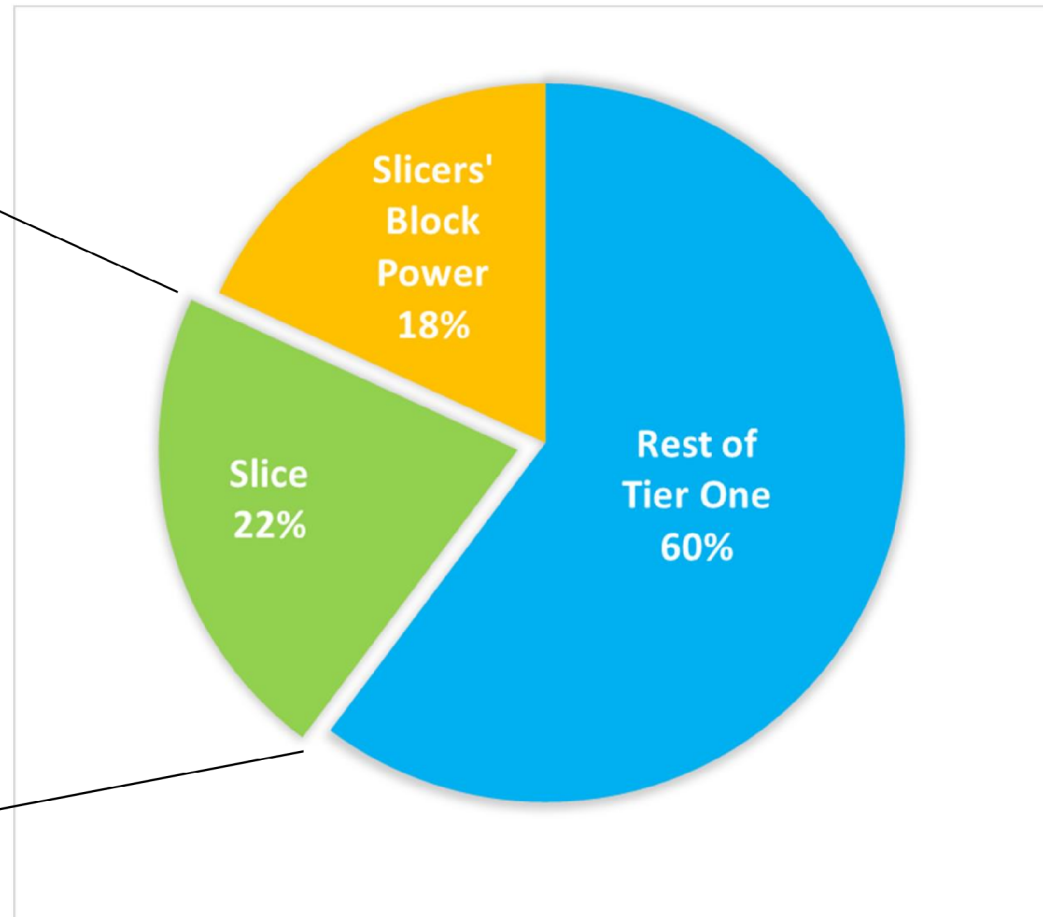
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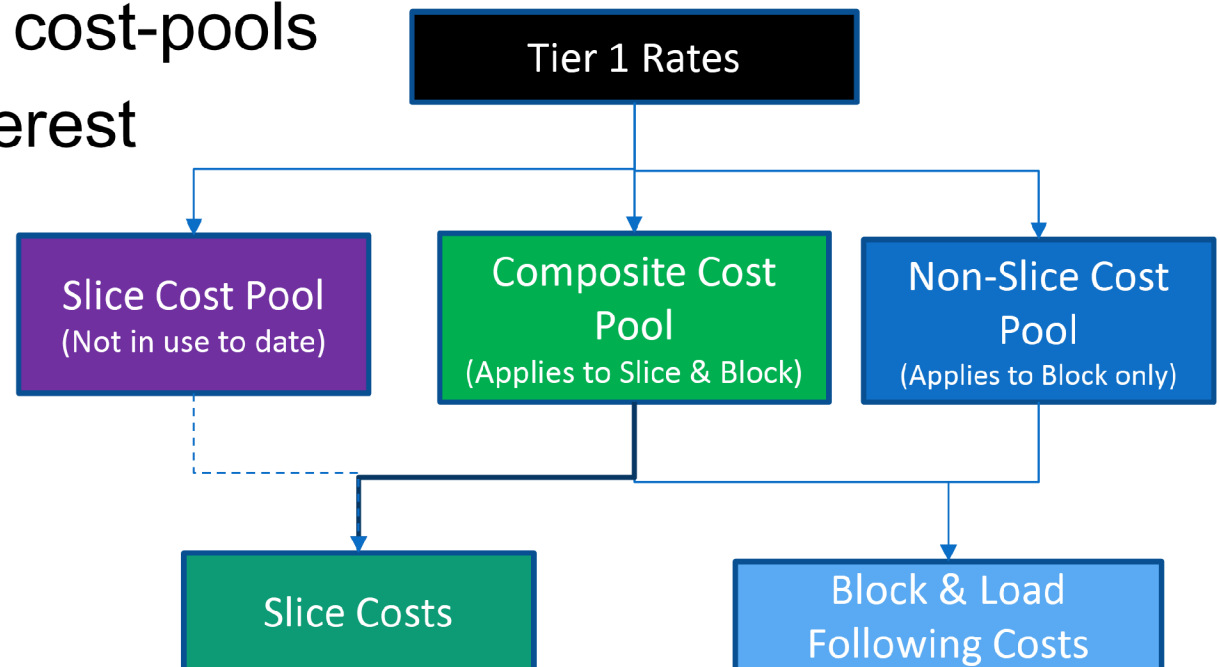
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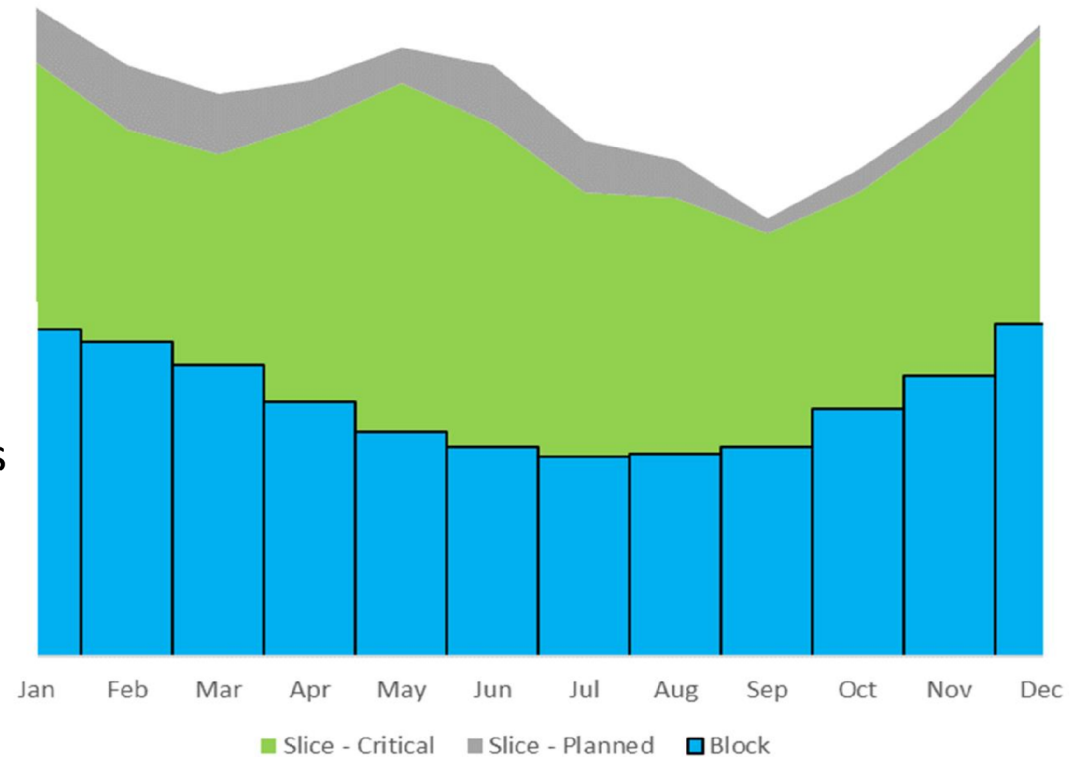
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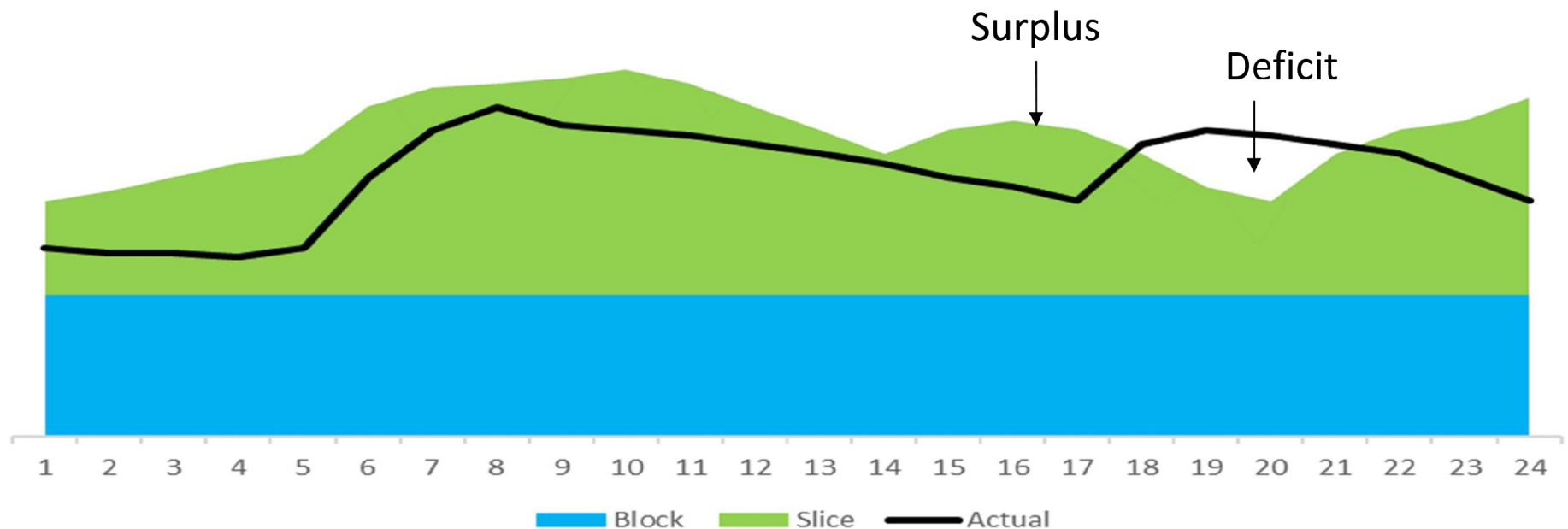
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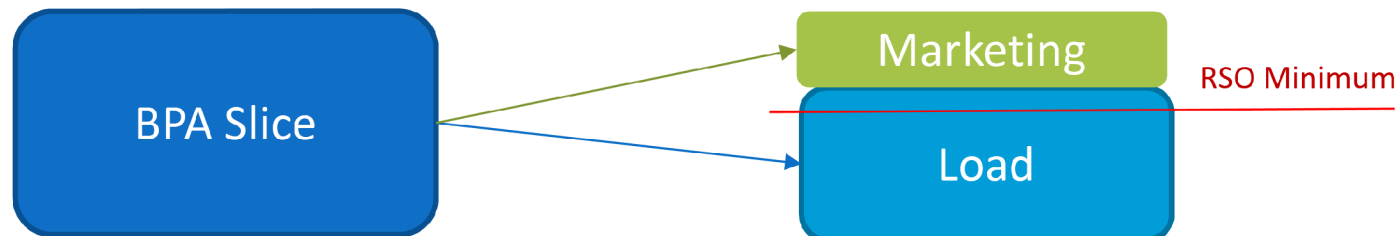
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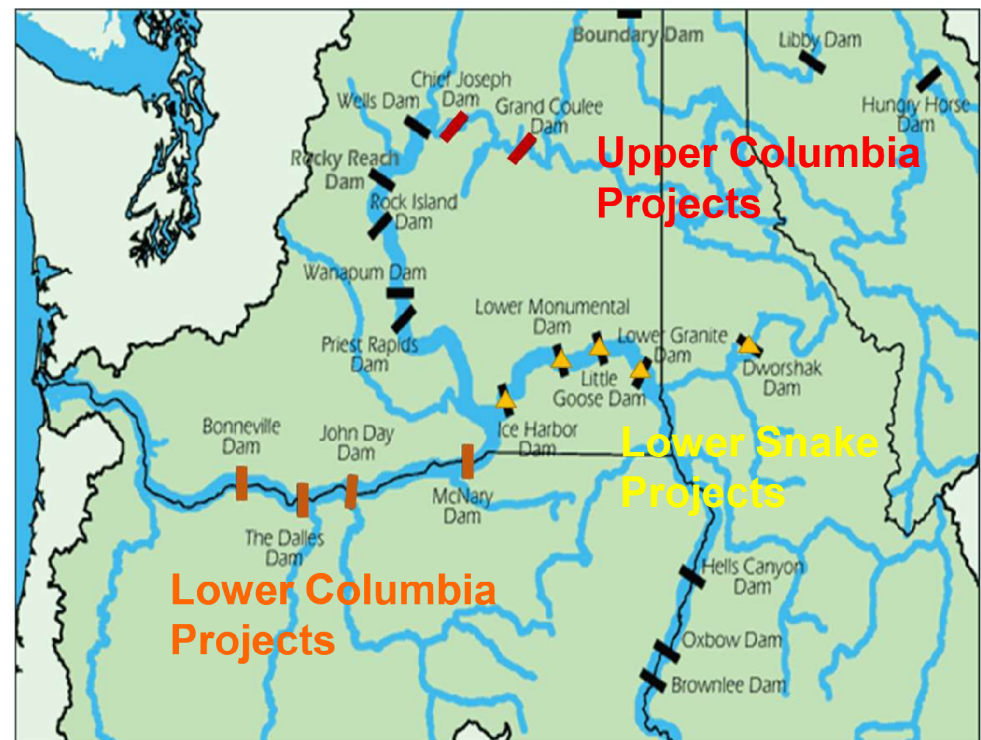




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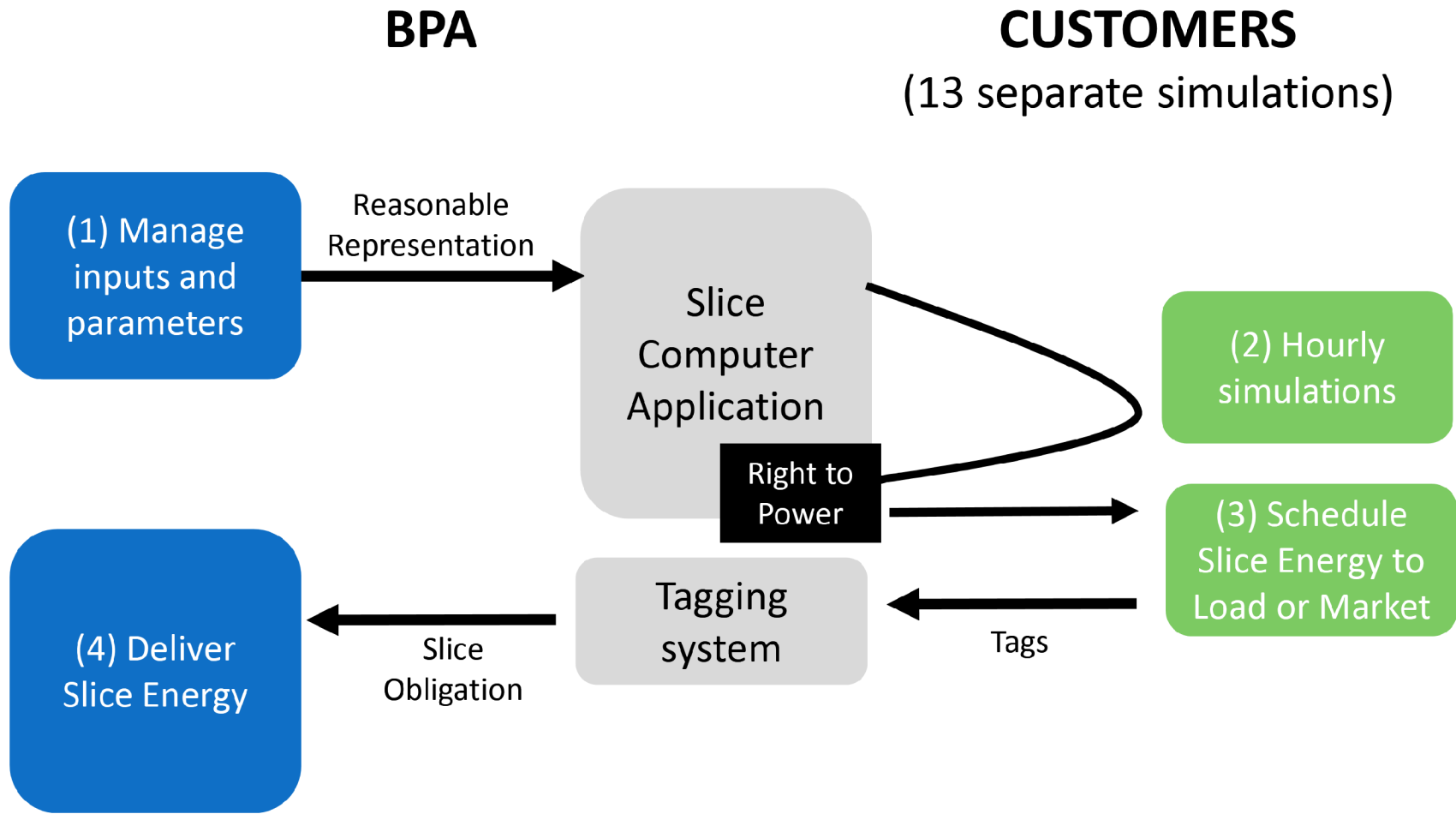


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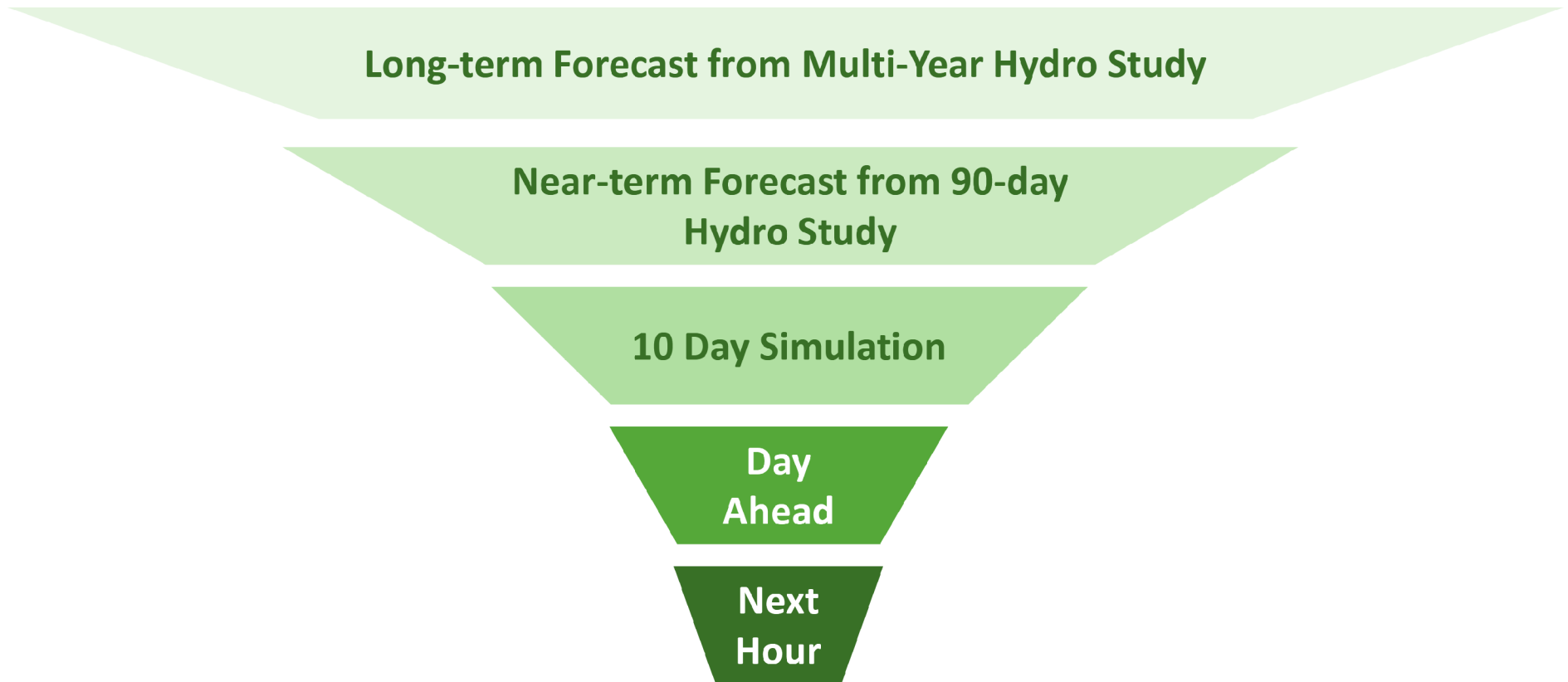
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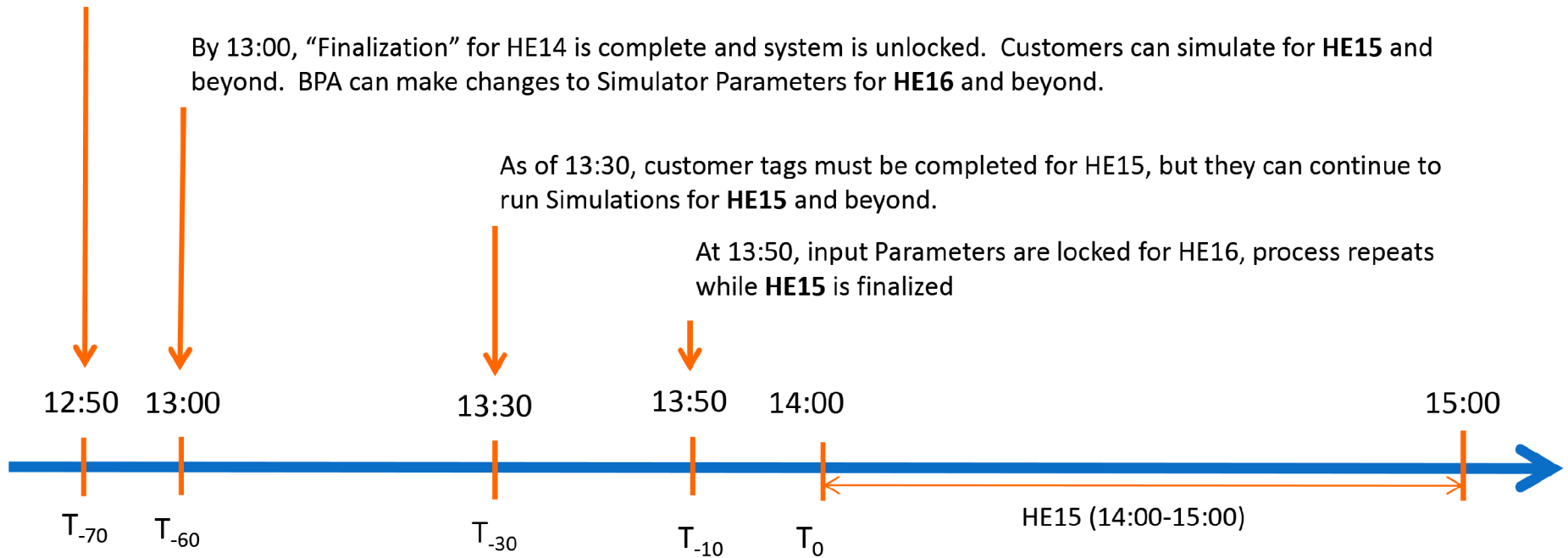
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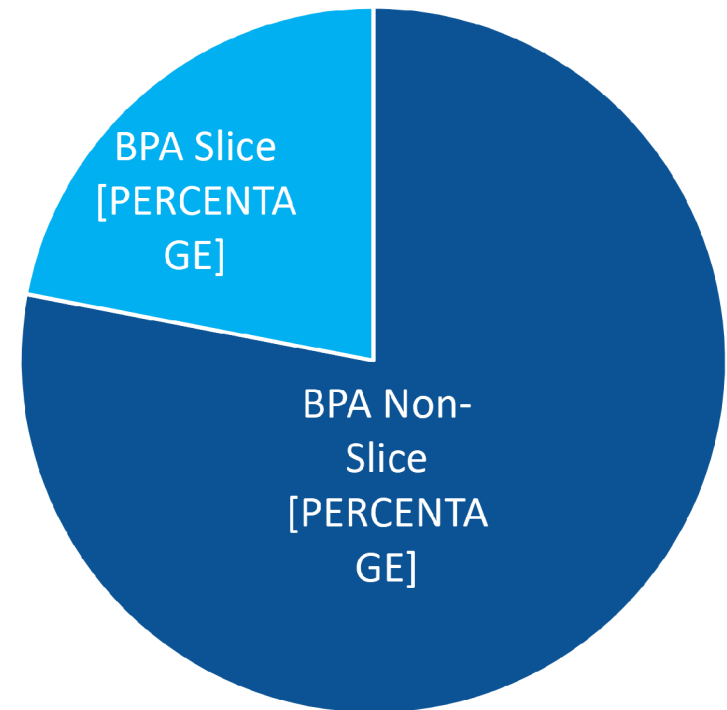


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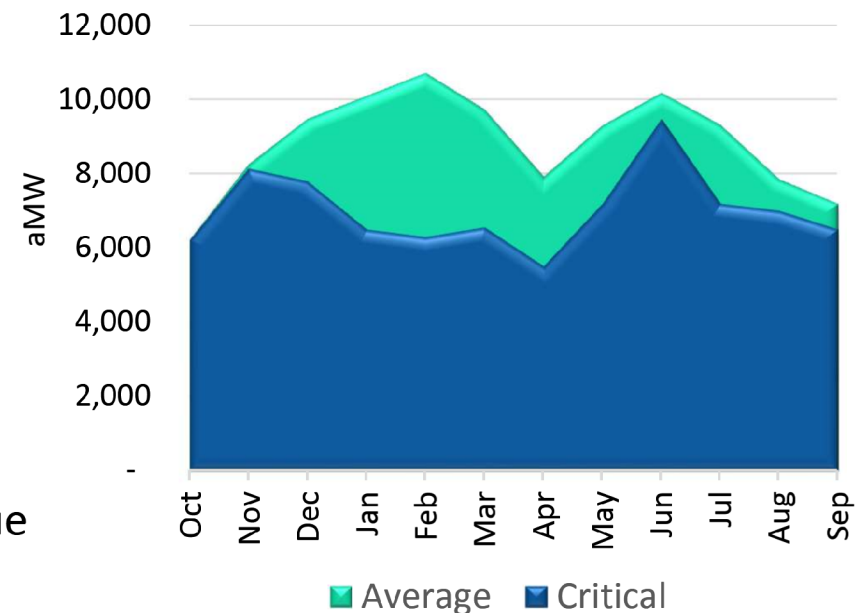
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# Q&A

February 6, 2020

Elliot Mainzer  
Administrator and Chief Executive Officer  
Bonneville Power Administration  
P.O. Box 3621  
Portland, OR 97208

Dear Elliot:

For more than 75 years, Northwest consumer-owned utilities and the Bonneville Power Administration (BPA) have enjoyed a tremendous partnership. Through the ups and downs of our long history together, BPA remained our trusted provider of choice. With a shared mission of public service, we successfully collaborated on providing Northwest customers with reliable, renewable power at affordable prices. Simply put, BPA and public power have built a strong legacy together. This letter is about exploring the next chapter for BPA and public power.

Today, BPA depends on Northwest public power to fund almost 80 percent of its power operation and nearly 70 percent of the agency's overall costs. Many of BPA's programs, including energy efficiency and the world's largest environmental mitigation program, depend on public power's stable funding. This stable revenue stream enables BPA to remain a creditworthy power supplier and the principal funder for many essential regional programs. That is why we were the first to sound the alarm when BPA's rate trajectory became unsustainable. That is also why we have devoted considerable attention to initiatives designed to bend the agency's cost curve enough to enable BPA to remain a power supplier of choice in 2028. We want BPA to succeed and thrive.

As the region's consumer-owned utilities, we strongly value our preference rights to power delivered from the Federal system at cost. While we know that others in the region have expressed interest in the output of the federal system, Northwest public power brings attributes to the partnership that are unparalleled in BPA's marketing environment. Public power's long-term demand volume, its diversity together with its local control, and its extraordinarily strong aggregate credit rating make it the most attractive counterparty for BPA's products and services.

It is important that both public power and BPA continue to derive value from our partnership. A lot has changed since we signed the last set of contracts and the pace of change over the ensuing decades is likely to accelerate. Therefore, we encourage BPA to think creatively and adopt a more customer-centric approach for developing the next set of contracts that give us flexibility to compete in an ever-changing energy marketplace. We will be looking for offerings that harness the Federal system and espouse core attributes of its capabilities and products. These offerings must provide more contemporary products and transaction terms, as well as options and transparency around agency commitments that can impact its price stability through the contract tenure.

We are pleased that BPA has begun internal discussions of timelines and approaches for engagement with its preference power customers, and we look forward to the continued dialogue. We are encouraged by the constructive engagements we have had with you and your team and welcome individual outreach from BPA’s account executives. While we appreciate the intent to solicit specific information from customers, we found the agency’s recent Post-2028 Customer Questionnaire difficult to respond to at this time. After a discussion in early January, we unanimously recommended that PPC members forego completing the survey and offer feedback through this letter instead.

Through this letter, public power is speaking with a unified voice. As the umbrella trade association of all of BPA’s preference power customers, PPC will continue to provide that unified voice during the development of post-2028 options. Although there is diversity within public power – and detailed questionnaires may eventually prove useful in exploring that diversity – our core common interests are aligned.

We believe that the best way to advance our conversation at this time is to understand what BPA is prepared to offer public power. We urge BPA to set surveys aside for now and come forth with a high-level proposal for the best products it can offer public power for post-2028 contracts. While individual utilities may prioritize these interests differently, we ask BPA to address in its proposal our core common interests:

- Affordability***      How will BPA continue to advance cost-management efforts and what role will public power play in prioritization of programs, initiatives, and spending to ensure affordable power products?
- Price Certainty***      What level of price stability and predictability can BPA provide to public power?
- Environmental Attributes***      How will BPA continue to offer or even enhance its low-emissions profile, particularly for those customers facing greenhouse gas regulations?
- Reliability***      Reliable power supply is core to the mission of public power. How will BPA provide value and leadership in this area? What options can BPA offer to address growing winter and summer capacity deficits?
- Flexibility and Optionality***      In a rapidly evolving energy landscape, customer needs are changing. How will BPA be nimble and responsive to provide product options that serve the sometimes diverse needs of Northwest public power?
- Term of Contract***      Given that BPA knows what it needs to reliably invest in its system, but also knows that different customers may desire different contract term lengths, what is BPA prepared to offer? What is the degree of contract flexibility?

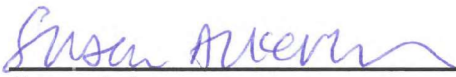
**Risk  
Management**

How can BPA and its customers equitably and efficiently share risk under new contracts? Can BPA offer products that will allow customers to effectively hedge BPA price risk at their preferred level?

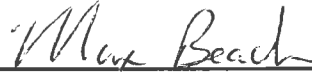
We recognize that we are at the start of a journey and that there will be considerable evolution and iteration along the way. In short, we desire a customer-centric approach and an initial, high-level proposal that we can compare to the terms that other providers may develop for public power entities. While we value the products BPA provides, it is our duty to our customers to consider in earnest the post-2028 landscape and to weigh all viable power supply options available.

In recent years, BPA has made significant progress in addressing some of the key competitiveness challenges facing the agency. Although more work remains, we are encouraged by this progress and look forward to working closely with you to ensure that public power has the best possible options for post-2028 products and services. As we noted above, Northwest public power and BPA are connected by the same mission of public service and our success has always been and will continue to be intertwined. We hope this letter serves as a vehicle that will continue our productive dialogue, and we are excited to see what BPA – our longtime partner – develops in response to our request. We would appreciate seeing BPA’s proposal in response to this letter by June 1, 2020.

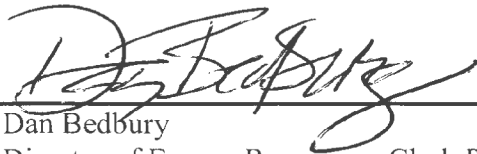
Sincerely,  
Executive Committee of the Public Power Council



Susan Ackerman  
Chief Energy Officer, EWEB



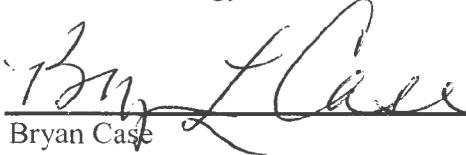
Max Beach  
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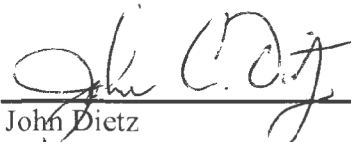
Libby Calnon  
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Annette Creekpau  
Manager, Mason County PUD #3

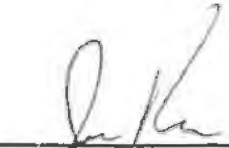



John Dietz  
General Manager/Engineering and Operations Manager, McMinnville Water & Light




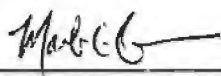
Rick Dunn  
Senior Director of Engineering and Power Management, Benton PUD

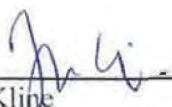


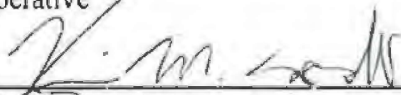
  
Jason Dunsmoor  
General Manager, Pacific County PUD #2

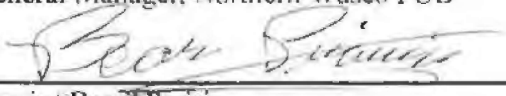
  
John Haarlow  
CEO/General Manager, Snohomish County PUD

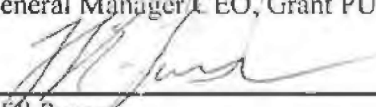
  
Chad Jensen  
CEO, Inland Power and Light

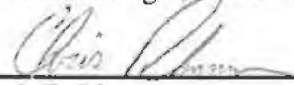
  
Mark Johnson  
General Manager, Flathead Electric Cooperative

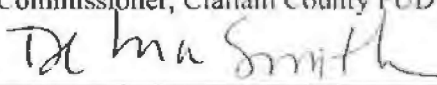
  
Roger Kline  
General Manager, Northern Wasco PUD

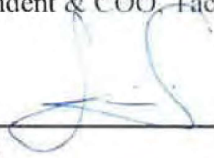
  
Kevin Nordt  
General Manager/CEO, Grant PUD

  
Travis "Bear" Prairie  
General Manager, Idaho Falls Power


  
Will Purser  
Commissioner, Clallam County PUD


  
Chris Robinson  
Superintendent & COO, Tacoma Public Utilities

  
Debra Smith  
CEO, Seattle City Light

  
Jim Smith  
General Manager, Klickitat PUD

  
Clint Whitney  
Energy Services Director, City of Richland

  
Colin Willenbrock  
General Manager, Pend Oreille PUD

  
Scott Simms  
Executive Director, PPC

From: Thompson, Kim T (BPA) - PS-6

Sent: Wed Feb 12 13:35:48 2020

To: Alders, Kyna L (BPA) - PGL-5

Subject: RE: letter

Importance: Normal

Attachments: image001.jpg; image002.jpg; image003.jpg; image004.jpg; image005.jpg; image006.jpg; [EXTERNAL] PPC request to BPA on 2028 discussions

Sure thing. See attached J

Best Regards,

**Kim Thompson**

Northwest Requirements Marketing | Acting Vice President

**Bonneville Power Administration**

[bpa.gov](http://bpa.gov) | P 503-230-3408 | C (b)(6)

**From:** Alders, Kyna L (BPA) - PGL-5 <klalders@bpa.gov>

**Sent:** Wednesday, February 12, 2020 1:31 PM

**To:** Thompson, Kim T (BPA) - PS-6 <ktthompson@bpa.gov>  
**Subject:** letter

Hi Kim,

Can you share the PPC letter?

Thanks,

Kyna

**Kyna Alders**

Bonneville Power Administration

Supervisor, Slice Operations & Management

Phone: 503-230-5971 / Cell: (b)(6)

From: Scott Simms

Sent: Mon Feb 10 12:14:28 2020

To: Mainzer, Elliot E (BPA) - A-7

Cc: James, Daniel M (BPA) - D-7; Hairston, John L (BPA) - K-7; Cook, Joel D (BPA) - P-6; Thompson, Kim T (BPA) - PS-6; Shaheen, Richard L (BPA) - T-DITT-2

Subject: [EXTERNAL] PPC request to BPA on 2028 discussions

Importance: Normal

Attachments: PPC Post 2028 Letter to BPA fully executed.pdf

Dear Elliot:

Per recent discussions between leadership at BPA and the Public Power Council, please see the attached letter signed by all 21 members of PPC's Executive Committee. The spirit of this letter is one of continued partnership and dialogue about post-2028 possibilities between BPA and Northwest public power. We are excited about a customer-centric offer from BPA and recognize that a response from the agency on this request will help further the conversations that will be taking shape in the months and years ahead. Please call or email me if you have any questions.

Best regards,

Scott

Scott Simms

Executive Director

Public Power Council

650 N.E. Holladay Street, #810

Portland, OR 97232

503-595-9770

[www.ppcpdx.org](http://www.ppcpdx.org)



650 NE Holladay St, Suite 810  
Portland, OR 97232  
(503) 595-9770  
[www.ppcpdx.org](http://www.ppcpdx.org)

*Bringing public power together*

February 6, 2020

Elliot Mainzer  
Administrator and Chief Executive Officer  
Bonneville Power Administration  
P.O. Box 3621  
Portland, OR 97208

Dear Elliot:

For more than 75 years, Northwest consumer-owned utilities and the Bonneville Power Administration (BPA) have enjoyed a tremendous partnership. Through the ups and downs of our long history together, BPA remained our trusted provider of choice. With a shared mission of public service, we successfully collaborated on providing Northwest customers with reliable, renewable power at affordable prices. Simply put, BPA and public power have built a strong legacy together. This letter is about exploring the next chapter for BPA and public power.

Today, BPA depends on Northwest public power to fund almost 80 percent of its power operation and nearly 70 percent of the agency's overall costs. Many of BPA's programs, including energy efficiency and the world's largest environmental mitigation program, depend on public power's stable funding. This stable revenue stream enables BPA to remain a creditworthy power supplier and the principal funder for many essential regional programs. That is why we were the first to sound the alarm when BPA's rate trajectory became unsustainable. That is also why we have devoted considerable attention to initiatives designed to bend the agency's cost curve enough to enable BPA to remain a power supplier of choice in 2028. We want BPA to succeed and thrive.

As the region's consumer-owned utilities, we strongly value our preference rights to power delivered from the Federal system at cost. While we know that others in the region have expressed interest in the output of the federal system, Northwest public power brings attributes to the partnership that are unparalleled in BPA's marketing environment. Public power's long-term demand volume, its diversity together with its local control, and its extraordinarily strong aggregate credit rating make it the most attractive counterparty for BPA's products and services.

It is important that both public power and BPA continue to derive value from our partnership. A lot has changed since we signed the last set of contracts and the pace of change over the ensuing decades is likely to accelerate. Therefore, we encourage BPA to think creatively and adopt a more customer-centric approach for developing the next set of contracts that give us flexibility to compete in an ever-changing energy marketplace. We will be looking for offerings that harness the Federal system and espouse core attributes of its capabilities and products. These offerings must provide more contemporary products and transaction terms, as well as options and transparency around agency commitments that can impact its price stability through the contract tenure.

We are pleased that BPA has begun internal discussions of timelines and approaches for engagement with its preference power customers, and we look forward to the continued dialogue. We are encouraged by the constructive engagements we have had with you and your team and welcome individual outreach from BPA's account executives. While we appreciate the intent to solicit specific information from customers, we found the agency's recent Post-2028 Customer Questionnaire difficult to respond to at this time. After a discussion in early January, we unanimously recommended that PPC members forego completing the survey and offer feedback through this letter instead.

Through this letter, public power is speaking with a unified voice. As the umbrella trade association of all of BPA's preference power customers, PPC will continue to provide that unified voice during the development of post-2028 options. Although there is diversity within public power – and detailed questionnaires may eventually prove useful in exploring that diversity – our core common interests are aligned.

We believe that the best way to advance our conversation at this time is to understand what BPA is prepared to offer public power. We urge BPA to set surveys aside for now and come forth with a high-level proposal for the best products it can offer public power for post-2028 contracts. While individual utilities may prioritize these interests differently, we ask BPA to address in its proposal our core common interests:

- Affordability***      How will BPA continue to advance cost-management efforts and what role will public power play in prioritization of programs, initiatives, and spending to ensure affordable power products?
- Price Certainty***      What level of price stability and predictability can BPA provide to public power?
- Environmental Attributes***      How will BPA continue to offer or even enhance its low-emissions profile, particularly for those customers facing greenhouse gas regulations?
- Reliability***      Reliable power supply is core to the mission of public power. How will BPA provide value and leadership in this area? What options can BPA offer to address growing winter and summer capacity deficits?
- Flexibility and Optionality***      In a rapidly evolving energy landscape, customer needs are changing. How will BPA be nimble and responsive to provide product options that serve the sometimes diverse needs of Northwest public power?
- Term of Contract***      Given that BPA knows what it needs to reliably invest in its system, but also knows that different customers may desire different contract term lengths, what is BPA prepared to offer? What is the degree of contract flexibility?

**Risk Management**

How can BPA and its customers equitably and efficiently share risk under new contracts? Can BPA offer products that will allow customers to effectively hedge BPA price risk at their preferred level?

We recognize that we are at the start of a journey and that there will be considerable evolution and iteration along the way. In short, we desire a customer-centric approach and an initial, high-level proposal that we can compare to the terms that other providers may develop for public power entities. While we value the products BPA provides, it is our duty to our customers to consider in earnest the post-2028 landscape and to weigh all viable power supply options available.

In recent years, BPA has made significant progress in addressing some of the key competitiveness challenges facing the agency. Although more work remains, we are encouraged by this progress and look forward to working closely with you to ensure that public power has the best possible options for post-2028 products and services. As we noted above, Northwest public power and BPA are connected by the same mission of public service and our success has always been and will continue to be intertwined. We hope this letter serves as a vehicle that will continue our productive dialogue, and we are excited to see what BPA – our longtime partner – develops in response to our request. We would appreciate seeing BPA’s proposal in response to this letter by June 1, 2020.

Sincerely,  
Executive Committee of the Public Power Council



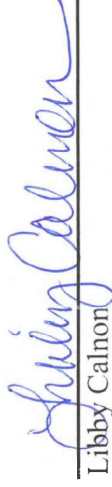
Susan Ackerman  
Chief Energy Officer, EWEB



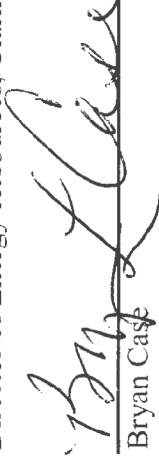
Max Beach  
General Manager, Idaho County Light & Power



Dan Bedbury  
Director of Energy Resources, Clark PUD



Libby Calnon  
General Manager, Hood River Electric Co-op



Bryan Case  
CEO/General Manager, Fall River Rural Electric



Annette Creekpau  
Manager, Mason County PUD #3



John Dietz  
General Manager/Engineering and Operations Manager, McMinnville Water & Light



Rick Dunn  
Senior Director of Engineering and Power Management, Benton PUD



 Jason Dunsmoor General Manager, Pacific County PUD #2	 John Haarlow CEO/General Manager, Snohomish County PUD
 Chad Jensen CEO, Inland Power and Light	 Mark Johnson General Manager, Flathead Electric Cooperative
 Roger Klippe General Manager, Northern Wasco PUD	 Kevin North General Manager/CEO, Grant PUD
 Travis "Bear" Prairie General Manager, Idaho Falls Power	 Will Pursler Commissioner, Clallam County PUD
 Chris Robinson Superintendent & COO, Tacoma Public Utilities	 Debra Smith CEO, Seattle City Light
 Jim Smith General Manager, Klickitat PUD	 Clint Whitney Energy Services Director, City of Richland
 Colin Whitenbrock General Manager, Pend Oreille PUD	 Scott Simms Executive Director, PPC

**From:** Gillman, Richard A (BPA) - TSE-TPP-2

**Sent:** Wed Mar 11 17:44:14 2020

**To:** Alders, Kyna L (BPA) - PGL-5; Munz, Paul G (BPA) - PSW-SEATTLE; Jones, Christopher M (BPA) - TPLC-TPP-2; Barnett, Lacey J (BPA) - TPLE-TPP-2; Heredia, Anita L (TFE)(BPA) - TPLE-TPP-2; Jones, Ryan M (BPA) - TPP-OPP-3; Cathcart, David A (BPA) - TPPA-OPP-3; Kuraspediani, Daniel K (TFE)(BPA) - TOOP-DITT-2; Jackson II, Jerry L (TFE)(BPA) - TOOP-DITT-2; Johnson, Kevin M (TFE)(BPA) - TOO-DITT-2; Green, Laura E (TFE)(BPA) - TSE-TPP-2; Sheckells, Katie (BPA) - TSQM-TPP-2; Gilliland, Kimberly D (TFE)(BPA) - TSE-TPP-2; Bryan, Natasha M K (TFE)(BPA) - TOOS-DITT-1; Cathcart, Michelle M (BPA) - TO-DITT-2; Ko, Tina G (BPA) - TS-DITT-2; Cook, Jeffrey W (BPA) - TP-DITT-2; Perry, Marcus I (BPA) - PSW-SEATTLE; Watts, Kirsten (BPA) - PSW-SEATTLE

**Cc:** Steele, Heather D (BPA) - PSR-6; Adams, Nicole A (CONTR) - TSES-TPP-2; Kolber, Susan C (CONTR) - TSQM-TPP-2; Bergstrom, Laura (TFE)(BPA) - TSES-TPP-2

**Subject:** Utility Presentations - Puget Sound Initiative Customer Meeting

**Importance:** Normal

**Attachments:** - Puget Sound Energy 3.13.2020 - Puget Sound Area Customer Meeting - Puget Sound Energy 3.13.2020.pdf; Tacoma - PugetSoundInitiative.pptx

**All:**

The corona virus strikes in yet another way --- SCL and Snohomish had IT and other resource issues working offsite. It turns out that you cannot replicate the office in terms of IT performance or the ability to drop in and get quick input and questions answered.

Attached this evening are the presentation decks for PSE and Tacoma. We will have the others tomorrow and as soon as I do, I will send it out.

With this and the email tomorrow you will have all of the presentation materials for our meeting on Friday.

Let me know if you have any questions.

Rich

# Puget Sound Area Customer Meeting



## ***Puget Sound Energy Presentation***

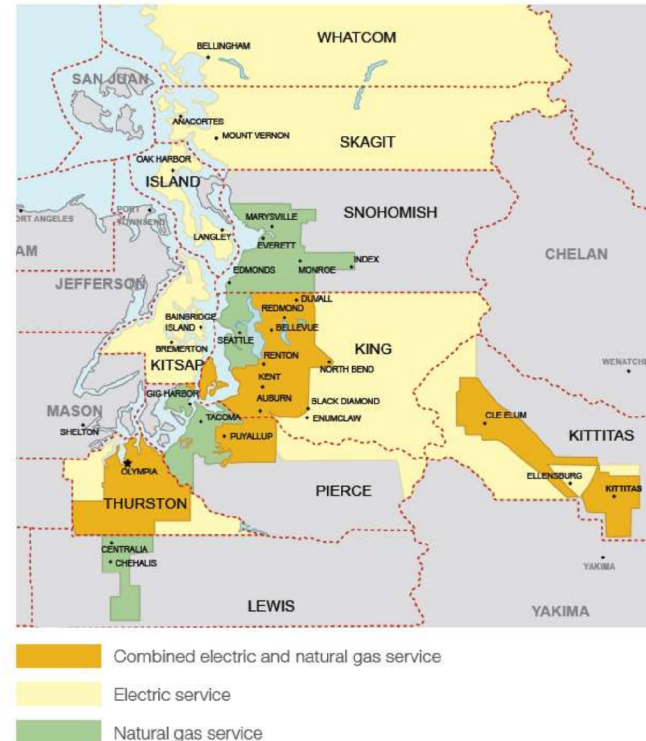
March 13, 2020

**Tom Flynn**  
*Manager, Energy Delivery*

**Brian Tyson**  
*Senior Engineer, Energy Delivery*

# PSE Company Overview

- Nearly 1 million electric customers across nine counties in Western Washington
- Largest utility in the state
- 46% of load is served by PSE-owned resources
- Objective to serve our customers at the lowest cost



## PSE Merchant Transmission Portfolio

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- BPA's largest transmission customer
- Transmission portfolio consists of predominantly long-term, firm PTP
- Combination of transmission used to deliver energy from PSE-owned resources and Mid-C
- Redirects are mostly correlated with day-ahead and EIM activity



## BPA Transmission Challenges

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- NOEL Curtailment constraints
- Timing of TLR vs outages
- Accurate Short Term and Long Term ATC analysis
- Future Transmission Need uncertainty for CETA



# Major provisions of the Clean Energy Transformation Act

## Clean Electricity

**Dec 31, 2025: Eliminate coal-fired resources** from electric power supply

**Jan 1 2030: Carbon neutral energy supply**

- 80% non-emitting and renewable resources
- 20% can be met with alternative compliance
- Cannot increase rates by >2% per year
- Waiver as necessary to maintain reliability and compliance

**Jan 1, 2045: 100% Non-emitting** electricity supply goal

- Rate cap and reliability requirements still in effect



## Implementation Process

**Additional resource planning requirements**

- Include social cost of carbon
- Assess impacts to vulnerable populations and impacted communities
- Assess 10-year regional generation and transmission availability

**4-year Clean Energy Implementation Plans**

- Approved by UTC
- First plan due January 1, 2022

## Supporting Policies

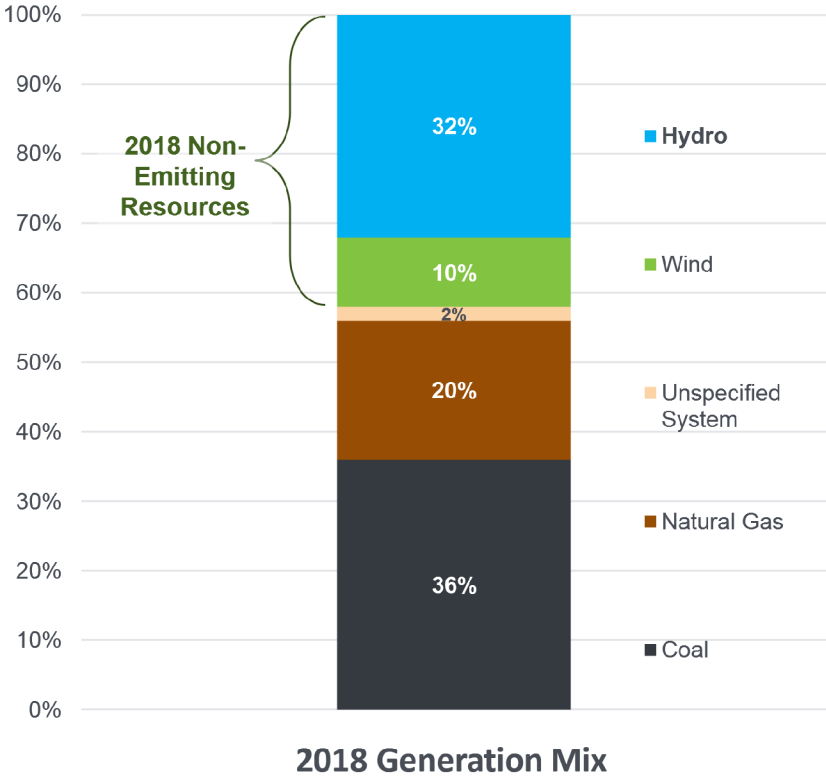
**Regulatory reform**

**Market integration rulemaking**

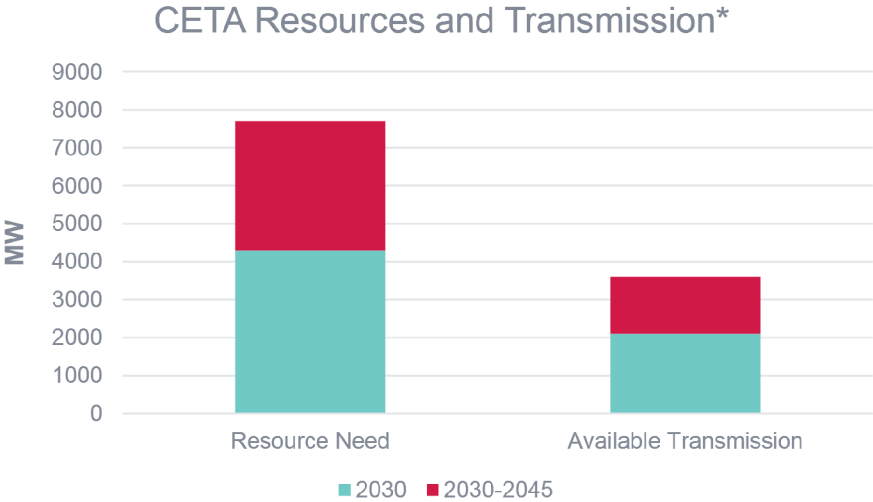
**Transmission prioritization study**



# PSE's energy supply mix was 42% non-emitting in 2018

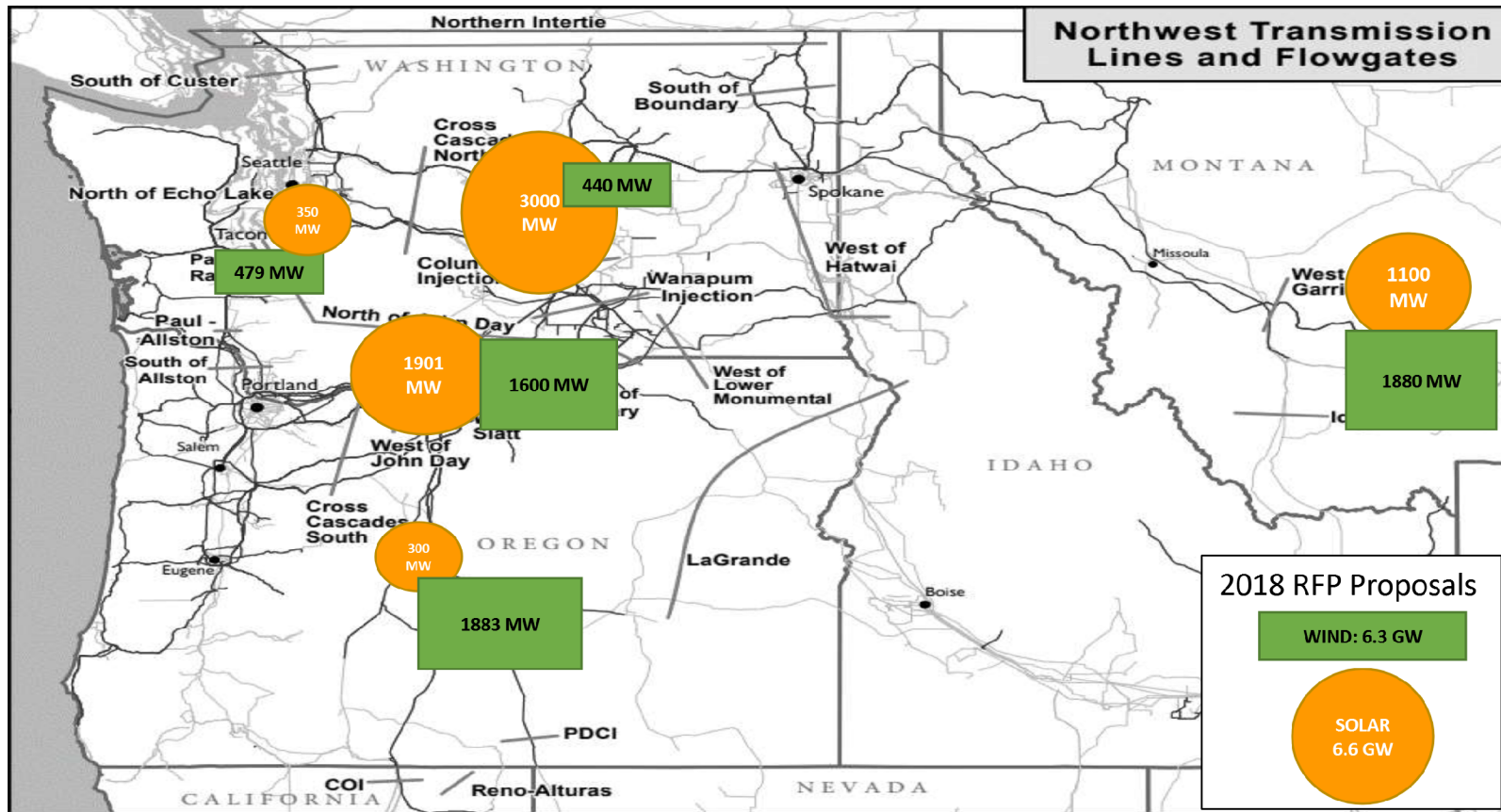


# Significant gap between new resource need and available transmission



\*Based on preliminary analysis including renewable and capacity needs

# Renewable Energy Is Mostly East & South of Puget Sound Area



## Available new BPA transmission to Puget Sound Area is very limited and dependent on a number of factors

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Upgrades generally range from \$15M to >\$1B and predicted to take 3-10+ years

### Mid-C Zone

- Affected Flowgates: Cross Cascades North/South (CCN/CCS), North of Echo Lake (NOEL)
- Upgrades ranging \$15M to \$1.2B
- Upgrade timelines 3 to 10+ years

### Walla Walla Zone

- Affected Flowgates: West of John Day (WOJD), West of Lower Monumental (WOLM), and CCN/CCS
- Upgrades ranging \$15M to \$50M
- Upgrade timelines 3 to 10 years

### Central WA Zone

- Affected Flowgates: CCN, CCS, NOEL
- Upgrades ranging \$15M to \$1.2B
- Upgrade timelines 3 to 10+ years

### WA/OR Border (Gorge) Zone

- CCN, NOEL, WOJD, Raver-Paul
- Some limited transmission available at selected substations
- Upgrades range from \$0 to \$70M



## CETA will increase transmission demand on BPA system

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- Affected flowgates are CCN, CCS, NOEL, and others to the south
  - ~2,000 MW of new transmission by 2030
  - 3,000 MW to 4,000 MW of new transmission 2030-2045
- TSRs will be submitted for new PTP service by PSE and developers
  - Zonal approach needed for TSRs to/from resource rich areas
    - PSE will not know specific POR and source(s) until later in RFP process
    - Developers may not have resources or need to support system upgrades
- LT Conditional Firm is viable alternative but must have minimal long-term risk
- Short-term transmission could be affected by increase in redirects
  - Managing “duck curve”, net load, morning/evening ramps



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# Puget Sound Initiative

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**Puget Sound Area Customer Meeting**

**March 13, 2020**

**Tacoma Power – Jim Russell, Michael Hill, Mara Kontos**

## Outline

**1**

History with Bonneville Power

**2**

Resources

**3**

Net Position

**4**

Pre- vs. Post TC-20

**5**

Looking Forward

# Tacoma Power At-a-Glance

## Customer Profile

- 178,000 Retail Customers\*
- 550 aMW, 1000 MW Peak Load
- \$455.3M Operating Revenue\*
- Avg. Retail Rate 7.67 cent/kWh

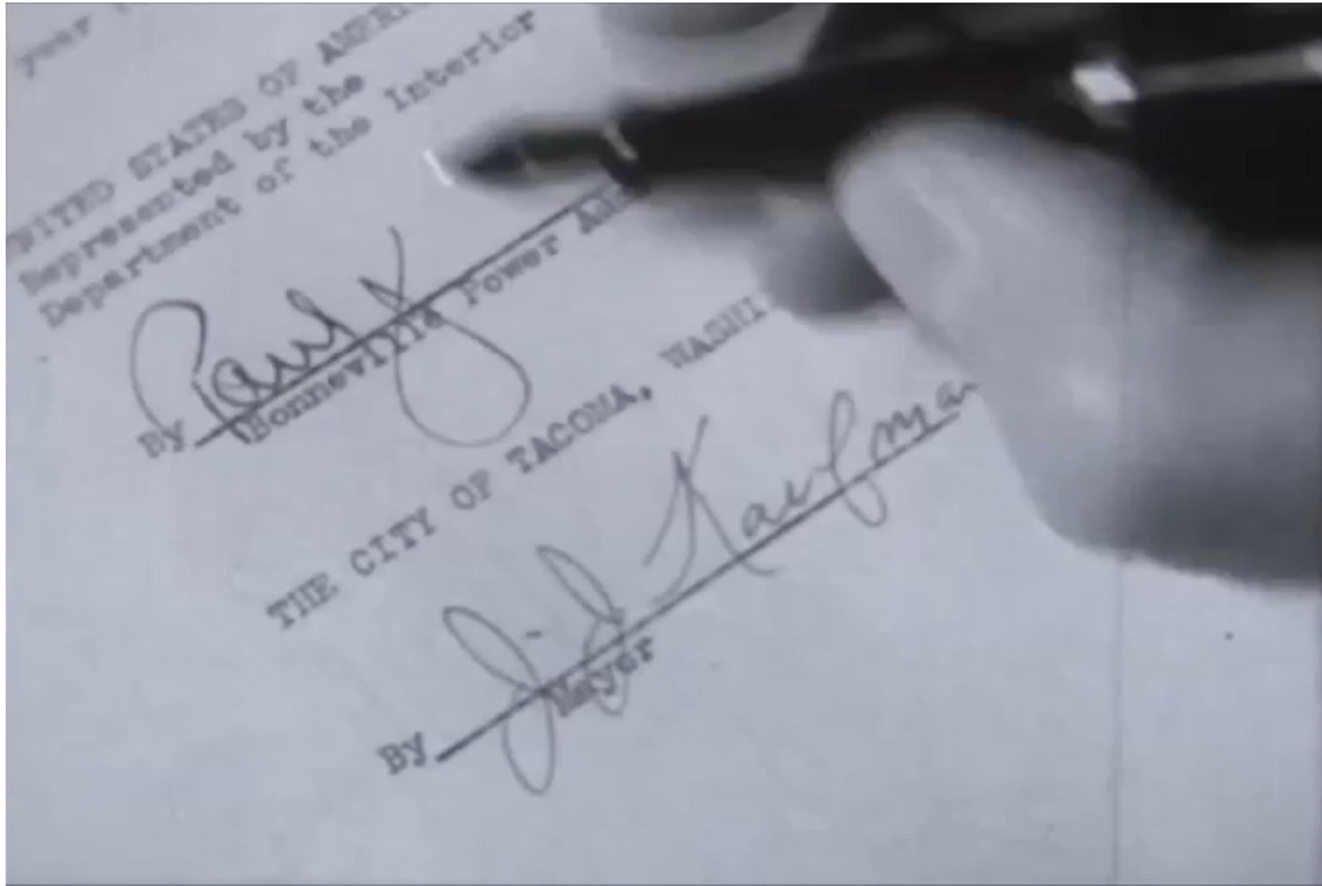
## Resource Profile

- 4 Hydroelectric Projects on 4 River Systems (41%)
- 810 MW Capacity City-owned Resources
- BPA Slice/Block Customer (56%)
- Other (3%)

\*2018 Annual Report



## History with Bonneville Power Administration

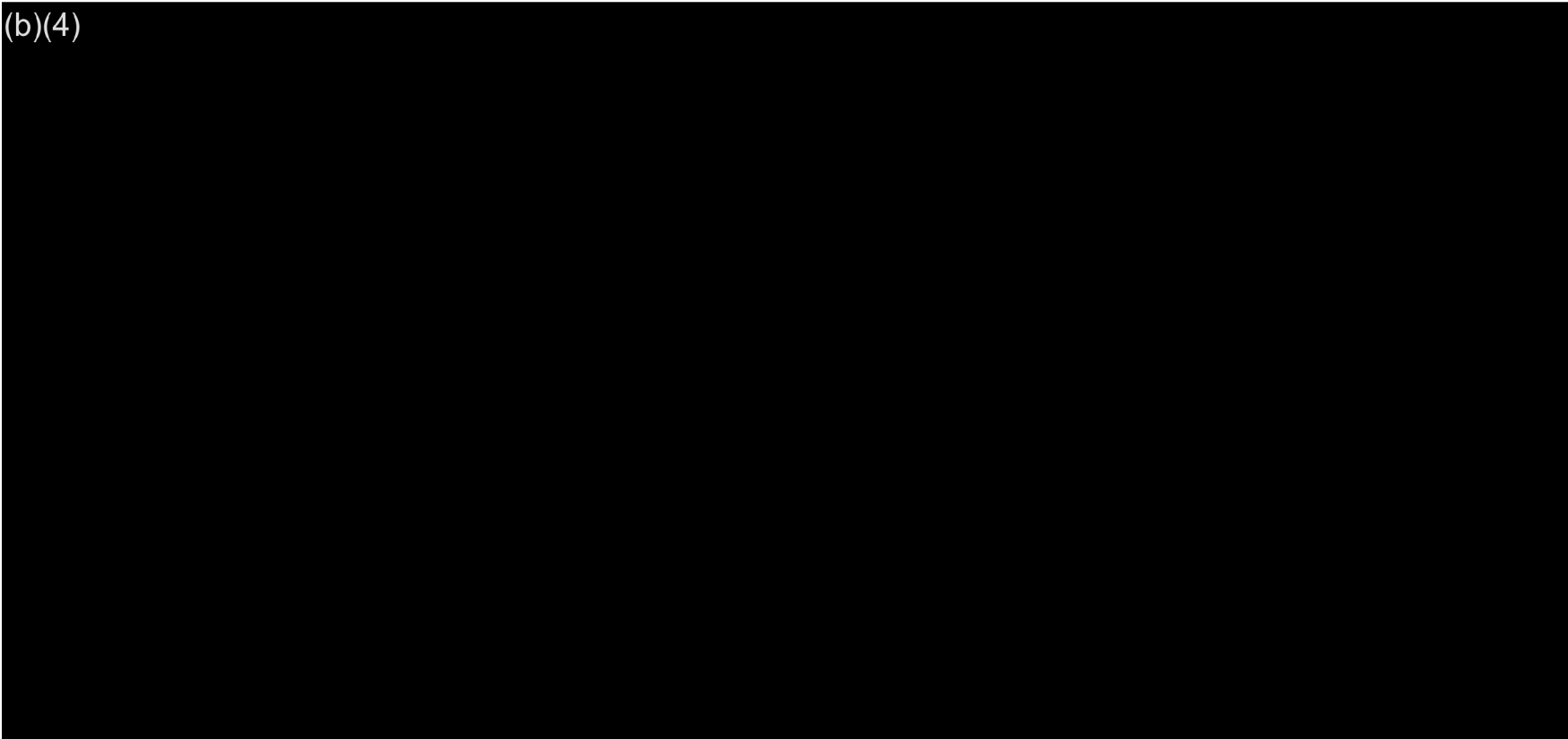


Tacoma Power Signs up for BPA Power (~1940)

## History with Bonneville Power Administration

# Purchases & Annual Costs

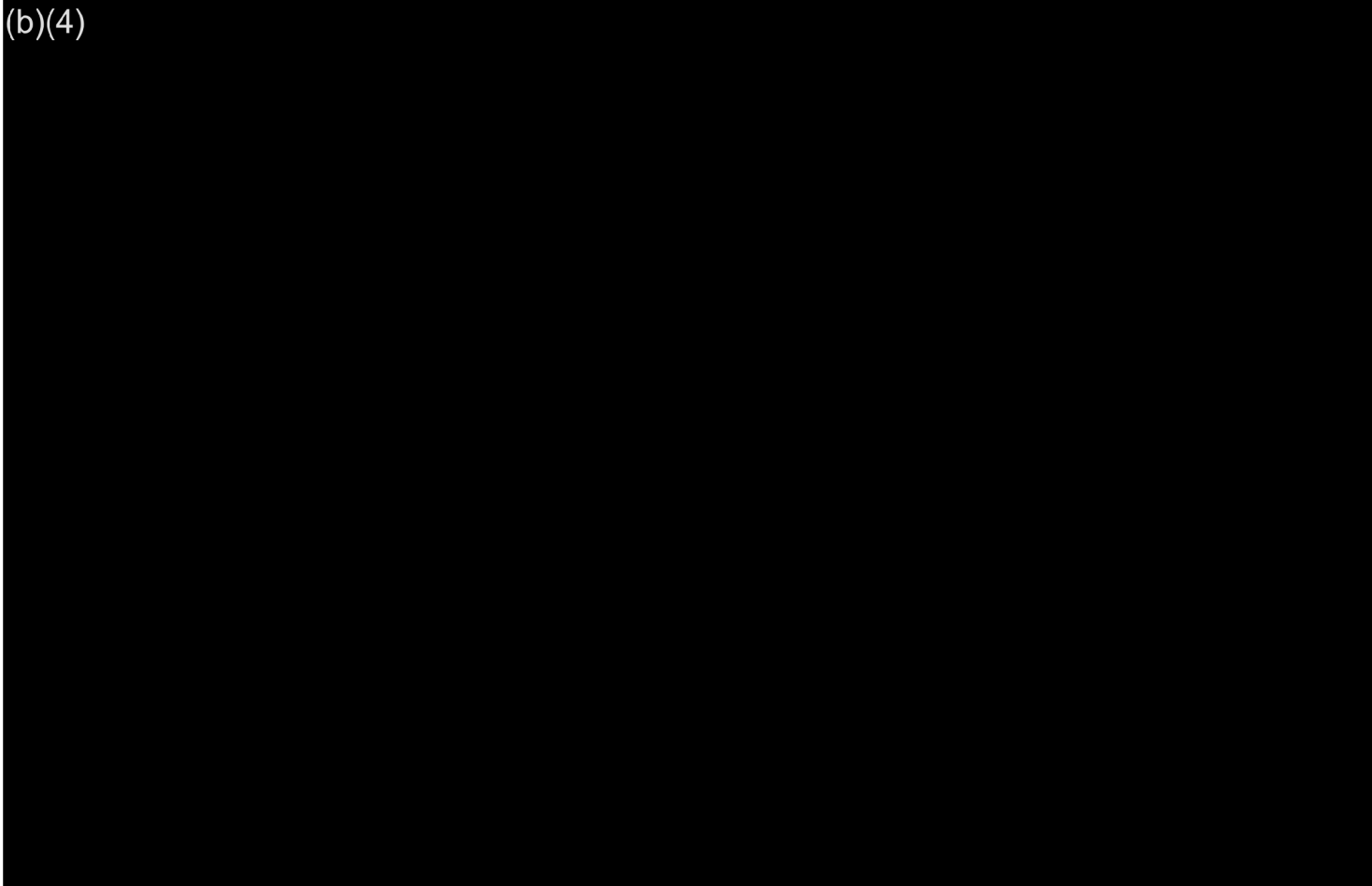
(b)(4)



- From 1940 -1996 the costs paid to BPA were for bundled power and transmission.
- In 1997 BPA adopted FERCs open access policies and unbundled its power and transmission products and rates.

## History with Bonneville Power Administration

(b)(4)



## Resources

# Hydro Project Locations



## Resources

# Cowlitz project

## MOSSYROCK DAM



**Year Completed:** 1968  
**Generating Capacity:** 300MW  
**Reservoir Capacity:** 1,685,100 AF  
**Elevation:** 778/600  
**Height:** 365/606 ft

## MAYFIELD DAM



**Year Completed:** 1963  
**Generating Capacity:** 162MW  
**Reservoir Capacity:** 133,700 AF  
**Elevation:** 425/415  
**Height:** 200/250 ft



## Resources

# Cushman project

## CUSHMAN NO. 1 DAM



Year Completed: 1926  
Generating Capacity: 43MW  
Reservoir Capacity: 453,350 AF  
Elevation: 738/615  
Height: 235/275 ft

## CUSHMAN NO. 2 DAM



Year Completed: 1930  
Generating Capacity: 81MW  
Reservoir Capacity: 8,000 AF  
Elevation: 480/460  
Height: 175/235 ft



## Resources

# Nisqually project

## ALDER DAM



Year Completed:	1945
Generating Capacity:	50MW
Reservoir Capacity:	214,500 AF
Elevation:	1207/1114
Height:	285/330 ft

## LAGRANDE DAM



Year Completed:	1921/1945
Generating Capacity:	64MW
Reservoir Capacity:	2,700 AF
Elevation:	935/910
Height:	192/217 ft

## Resources

# Wynoochee Project

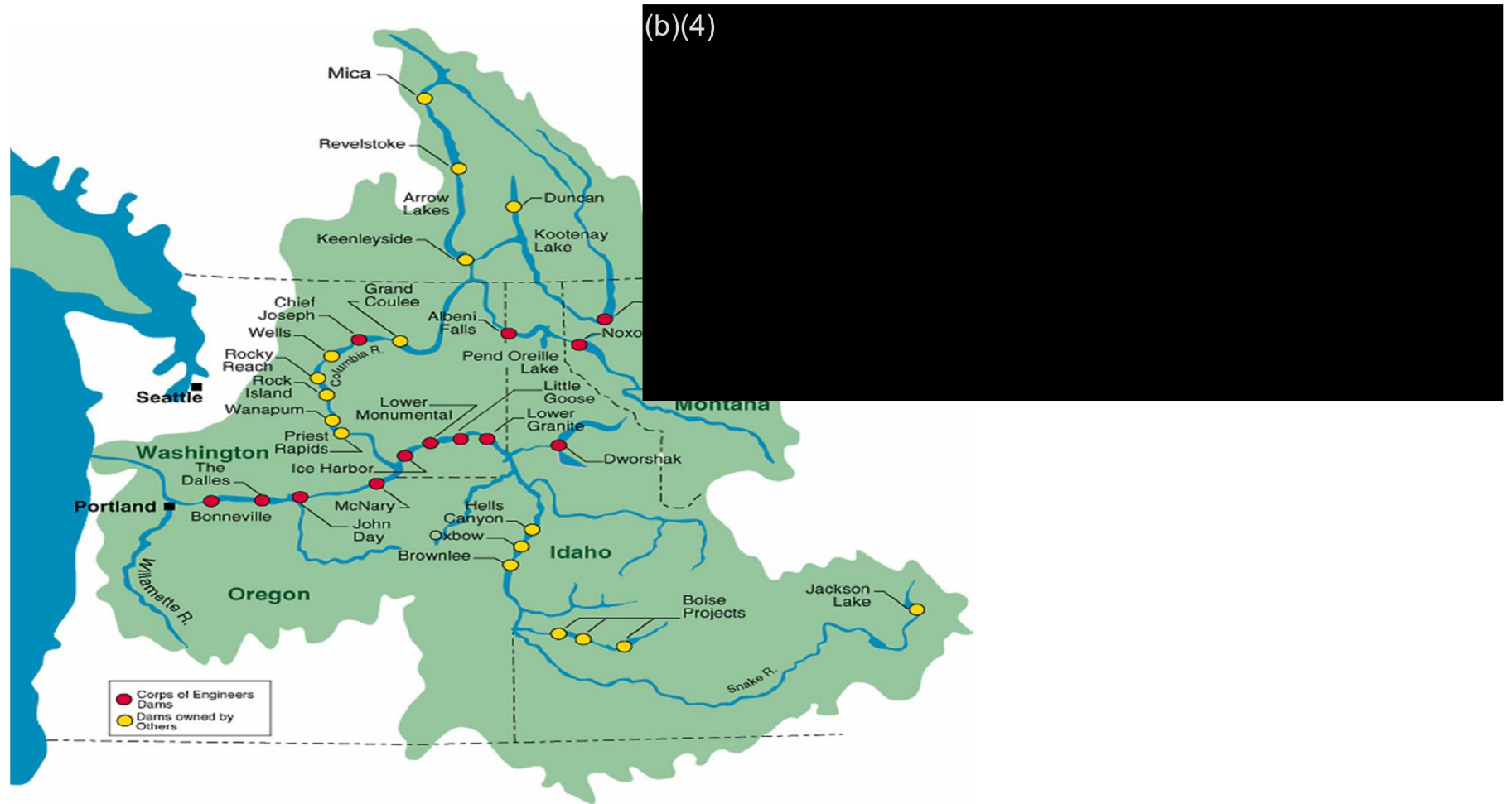


Year Completed:	1972
Powerhouse Added:	1993
Generating Capacity:	12.8MW
Reservoir Capacity:	70,000AF
Elevation:	800/700
Height:	175



# Resources

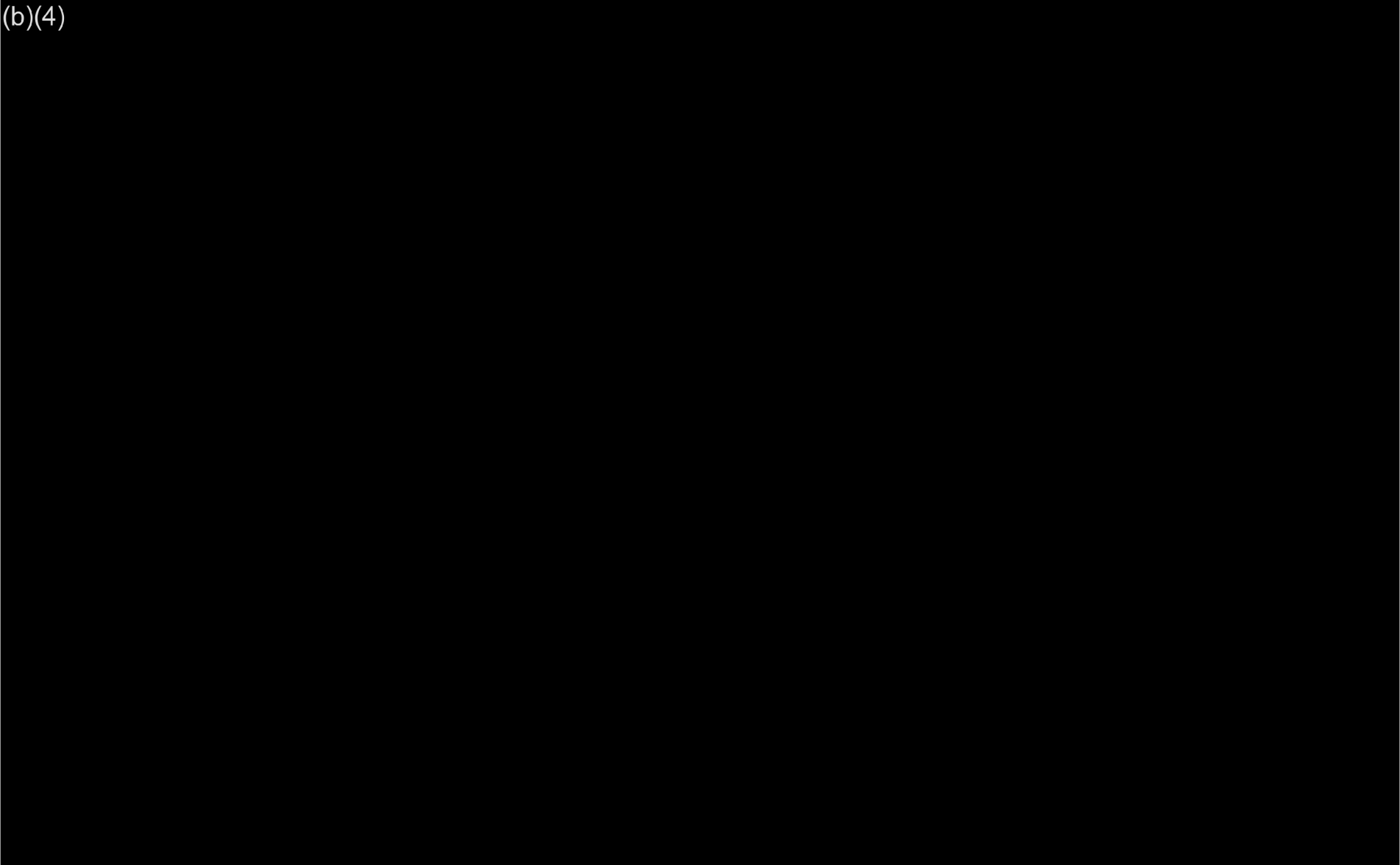
## BPA Slice/Block



# THE COLUMBIA RIVER BASIN


## Net Position

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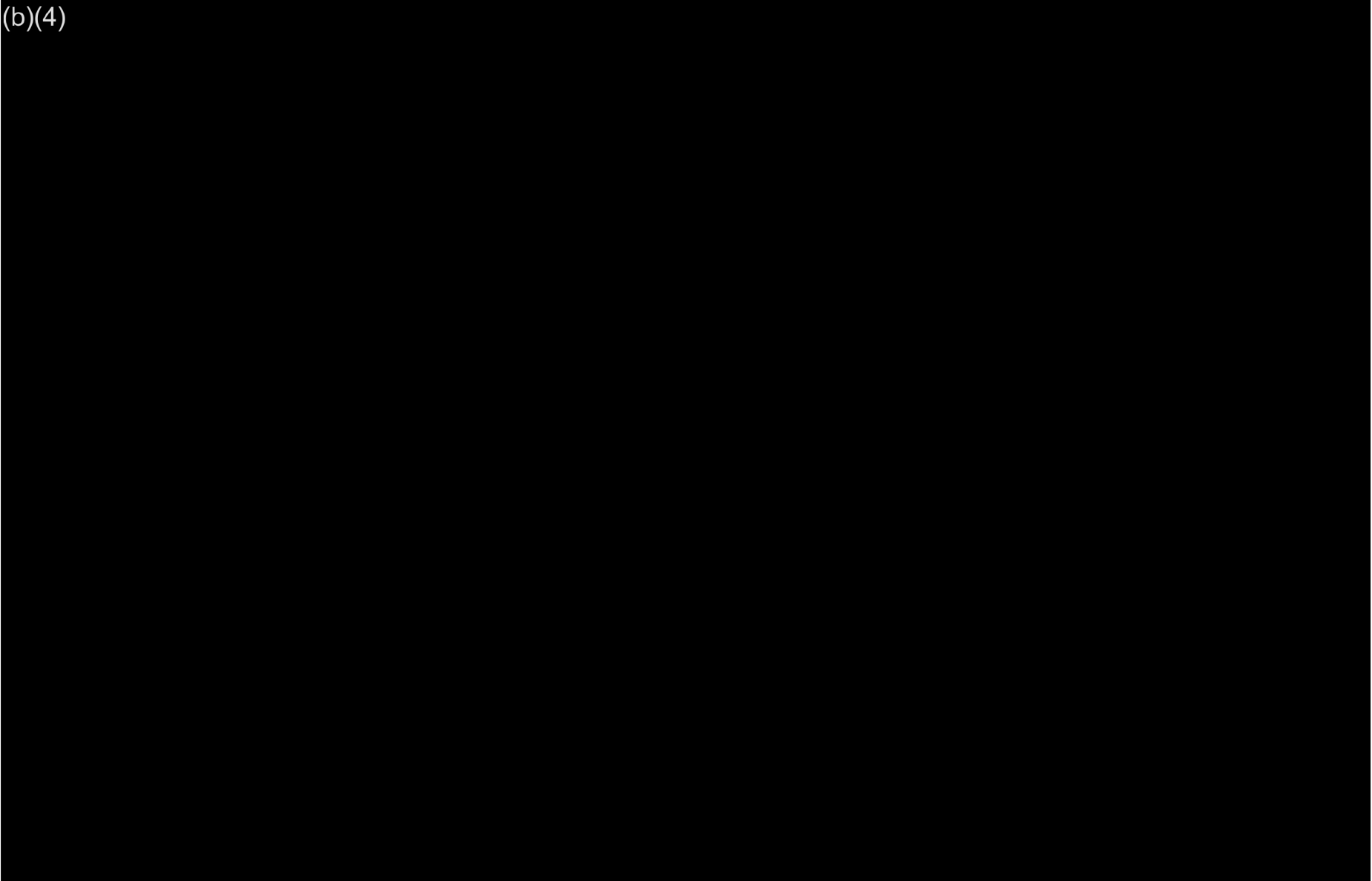
## Net Position

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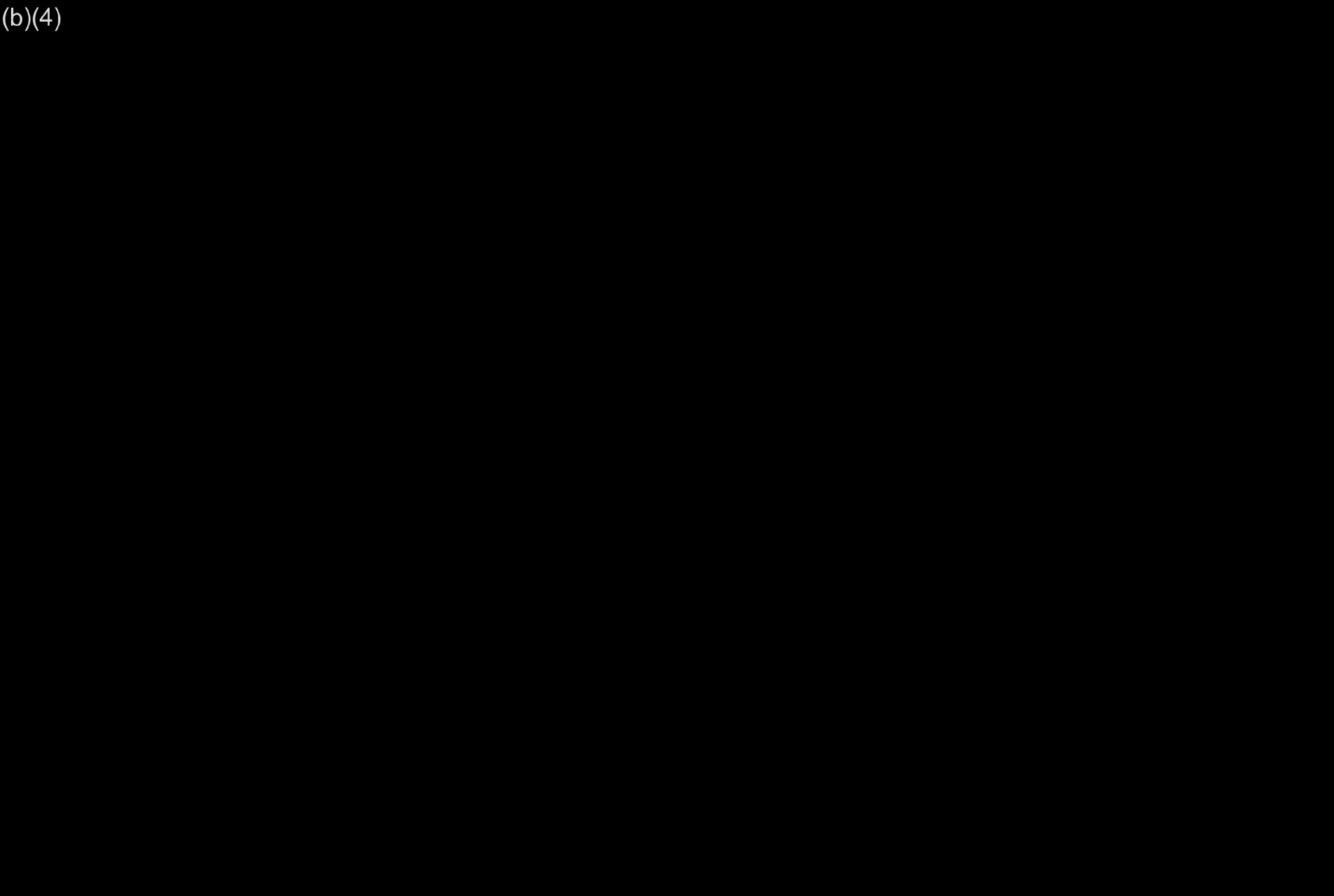


## Net Position

(b)(4)

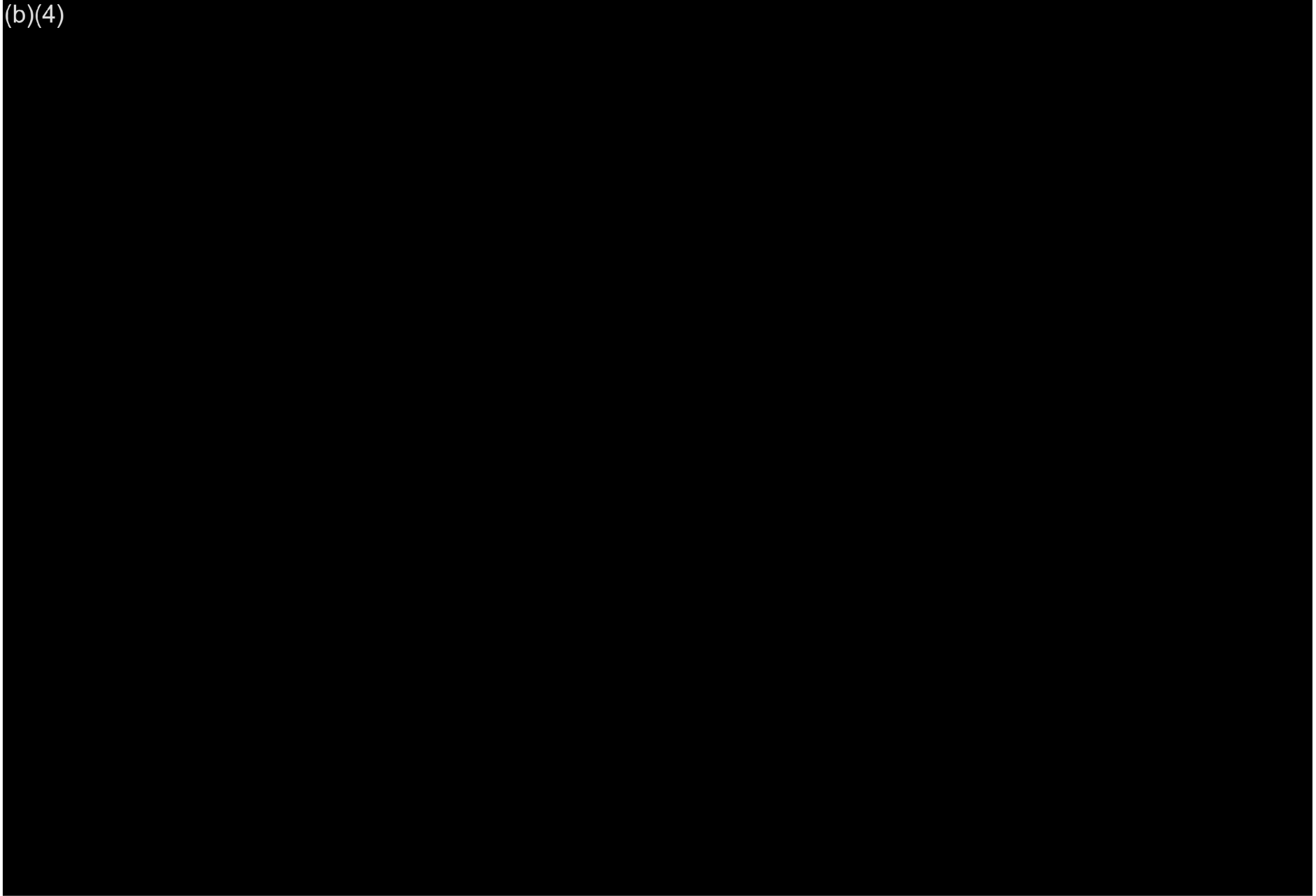


(b)(4)



## Pre- and Post TC-20

(b)(4)



**Pre- and Post TC-20**

# South-of-Alston (SOA) Flowgate heat map

(Summer 2017)

(b)(4)



## Pre- and Post TC-20

### 2019 Cluster Study

- Tacoma participates for first time in CS.
- Data submittal uncovers inconsistencies in operating assumptions between BPA and Tacoma.
- CS identifies several upcoming and proposed system reinforcement projects to key flowgates.
- BPA and Tacoma enter into Operating Agreement to further align operating assumptions.

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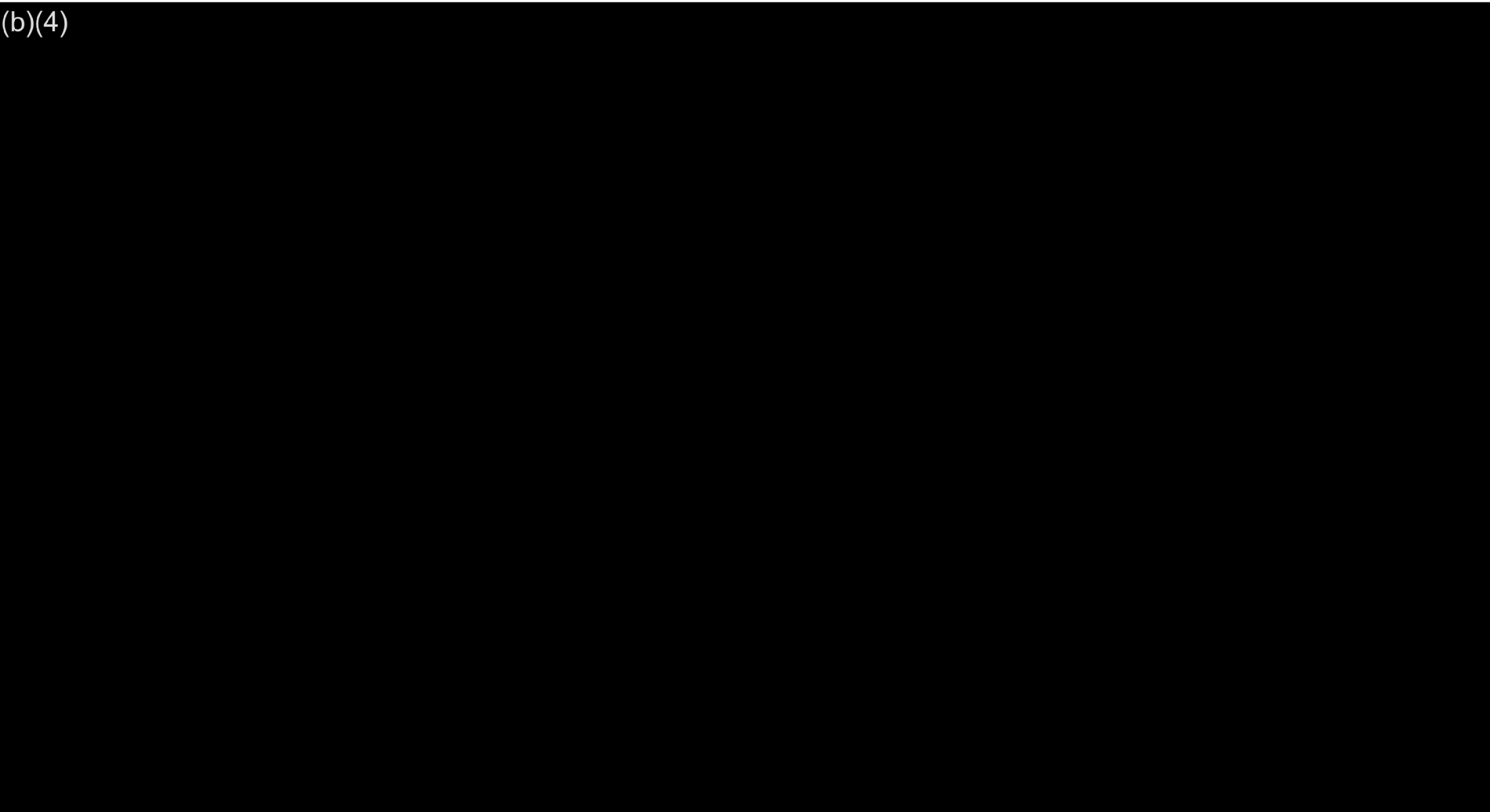




## Pre- and Post TC-20

# Operating Agreement

(b)(4)



## Looking Forward

# Transformational Changes

1. CETA - Integration of new variable energy resources
2. 2020 Tacoma Power IRP – Resource Direction? Portfolio Decisions?
3. Energy Imbalance Market – April 2022
4. Columbia Basin Hydro – contracts expiring beginning 2022
5. BPA Post 2028 -- Net Requirements contract
6. Upcoming Cluster Studies – BPA Engagement

From: Slice.Sig.OS

Sent: Fri Mar 27 11:55:01 2020

To: Slice-SIG/OS; Farleigh, Kevin S (BPA) - PSW-6; Schimmels, Nancy M (BPA) - PSE-MEAD-GOB; Watts, Kirsten (BPA) - PSW-SEATTLE; Wilson, Scott K (BPA) - PSW-6; Normandeau, Mike (BPA) - PSE-RONAN; Gilmore, Douglas R (BPA) - PSSE-MEAD-GOB; Rimmer, William T (BPA) - PSE-MEAD-GOB; Perry, Marcus I (BPA) - PSW-SEATTLE; Bleifuss, Lindsay A (BPA) - PSW-6; Kruse, Pontip K (BPA) - PSE-MEAD-GOB

Subject: FW: [EXTERNAL] Slice SIG: AGENDA for 4/1 meeting

Importance: Normal

Attachments: Slice SIG 04\_01\_20 Meeting Agenda v0.doc

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**From:** Kevin Kytola

**Sent:** Friday, March 27, 2020 11:54:14 AM (UTC-08:00) Pacific Time (US & Canada)

**To:** Clark PUD Slice; Clatskanie Slice; Cowlitz Slice; Emerald Slice; EWEB Slice; Franklin Slice; Melinda James; Idaho Falls Slice; Lewis County PUD Slice; Pacific PUD Slice; Slice.Sig.OS; Snohomish PUD Slice; Tacoma Power Slice; TEA Slice; Benton PUD; Hill, Mike

**Subject:** [EXTERNAL] Slice SIG: AGENDA for 4/1 meeting

Hi All,

Attached is an agenda for our SIG meeting next week. Our call-in number remains the same as always. I've added a weblink in the agenda for GoTo Meeting so that we can share information on the screen if necessary. Ted and I tested GoTo Meeting yesterday to confirm it works for BPA and I have used it with Customers in the past. I have pasted the meeting contact information in this email as well so you have it handy.

Important Note: By using our traditional call-in number, I believe you will NOT be able to use your computer audio to connect to the call - you'd still call in from a telephone.

Please shoot me a note or give me a call if you have any questions.  
+++++

Slice SIG Meeting  
Wed, Apr 1, 2020 1:00 PM - 2:30 PM (PDT)

**Please join my meeting from your computer, tablet or smartphone.**  
<https://global.gotomeeting.com/join/966578821>

**Join the conference call:**  
515-603-3155  
passcode: 1098954

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<https://global.gotomeeting.com/install/966578821>

**Kevin Kytola**

Sapere Consulting, Inc | 103 E. Main St.; Suite 301 | Walla Walla, WA 99362  
509-524-2343 (office) | (b)(6) (cell) | 509-529-7886 (fax)

# Slice Implementation Group

April 1, 2020

## Teleconference

Conference Bridge: 515-603-3155 passcode 1098954

Screen Share: GoTo Meeting: <https://global.gotomeeting.com/join/966578821>

**9:30 – 12:00: Customer Caucus**

### **SLICE IMPLEMENTATION GROUP**

1:00 – 1:05 ..... **Introductions/Agenda Review** ..... Kytola  
*Approve March 4, 2020 Meeting Minutes*

1:05 – 1:15 ..... **Operations Update** ..... BPA

1:15 – 1:30 ..... **Spring Spill** ..... BPA  
*Re-iterate 2020 flex spill plan*

1:30 – 2:15 ..... **EIM Phase III Q&A** ..... All  
*Continued discussion of alignment of Slice and EIM business processes  
including Resource Sufficiency and Cost Allocation*

2:15 – 2:30 ..... **Miscellaneous/Action Calendar Review** ..... Kytola  
*Status of post-2028 product discussions  
Slice Manager transition*

**Next SIG Meeting: May 6, 2020**

**Next Large Group Executive Meeting  
TBD**

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<https://global.gotomeeting.com/install/966578821>

From: Kevin Kytola

Sent: Tue Apr 07 06:53:50 2020

To: Alders,Kyna L (BPA) - PGL-5; Barham,Theodore J (BPA) - PGL-5; Berg, Anna; Paul Dockery

Subject: [EXTERNAL] Slice SIG: Draft 4/1 meeting notes

Importance: Normal

Attachments: SIG Meeting Minutes 04\_01\_20\_v0.docx

Good morning,

Attached are the draft meeting notes from our last SIG meeting. Please review and let me know if you have any suggested modifications by end of day Wednesday April 8.

Thanks

Kevin

**Kevin Kytola**

Sapere Consulting, Inc | 103 E. Main St.; Suite 301 | Walla Walla, WA 99362  
509-524-2343 (office) | (b)(6) cell) | 509-529-7886 (fax)

**Regional Dialogue**  
**SLICE Implementation Group (SIG)**  
**Meeting Summary**  
**April 1, 2020**

**Meeting Attendees:** See Attachment 1

**I. Meeting Minutes**

- The March 4, 2020 meeting summary was approved without modification.

**II. Operations Updates**

- GCL drum gate work is finished for the year. Work was cut short due to COVID-19 concerns.
- Arrow outflow expected to be 15 kcfs in April.
- Operations will be focused on meeting chum minimum and maximizing GCL elevation.
- Spill begins April 3<sup>rd</sup> on the Snakes and April 10<sup>th</sup> on the Columbia.
- Chum minimum is expected to be the driving constraint when spill starts.
- John Day will have a 2 ft operating range.
- BOS Flex ends April 2<sup>nd</sup>.

**III. Spring Spill**

- Flex spill will be two 4-hour blocks. Remaining 16 hours will be at min-turbine.
- Spill updates will be provided starting April 8<sup>th</sup>.
- Project outflows are expected to be consistent – just changing the routing of water between turbines and spillway.

**IV. EIM Phase III Q&A**

- Allocation of charge codes:
  - Customers and BPA representatives reiterated their desire for a phased approach to implementation to facilitate learning from experience.
  - Customers and BPA representatives agree that looking at over/under scheduling penalties/incentives makes sense.
- Gen Inputs:
  - Allocation of benefits would come from Power Services as the participating resource scheduling coordinator. To date, BPA has not been considering incremental revenue as a Gen Inputs issue.
  - Customers want to ensure that the notion of Slice customer's portion of "off-the-top" is not lost. Currently, off-the-top has been viewed as an obligation, however under the EIM it seems there may be discretionary resource decisions. It is uncertain if the discretionary resource decisions represent within hour capability, or a source of secondary revenue.
  - BPA representatives clarified that EIM participation shouldn't alter how things work on the regulation portion of off-the-top. Power Services will still need to meet the needs of the BA and allocate costs and benefits accordingly.
  - The non-regulation portion of off-the-top now has new avenues to monetize system resources. There is a presumption that under the EIM, revenue from the non-

regulation portion of off-the-top would be greater than today. The question customers have is how is that additional revenue allocated back to customers.

- Under the current construct, BPA pays Slice customers \$40M for their portion of off-the-top resources.
  - Available Balancing Capacity (ABC) is not bid into the market and does not generate revenue. ABC is intended to prevent penalty pricing if at risk of power balance constraint.
  - Today, when BPA deploys energy the water impact can be tracked for Slice vs. non-Slice. Under the EIM this differentiation may be blurred as BPA may be bidding in balancing capacity, off-the-top energy, and non-Slice secondary energy.
  - Under the EIM, while the available capacity is the same, the potential to monetize it is different as BPA can go outside the BA with non-regulation resources.
  - Under the EIM, the magnitude of off-the-top resources is expected to increase. BPA is still evaluating the future magnitude and timing of off-the-top resources.
  - Customers are uncertain how within hour deployment of reserves by BPA would impact the water inventory available to Slice customers. BPA's initial evaluation is that deployment decisions should not influence the Slice water accounting. Simulated water begins with GCL inflows for both BPA and Slice customers. From that point BPA sales/purchases and Slice water routing decisions are independent.
  - **ACTION:** SIG will continue with discussion of Gen Inputs, off-the-top resources, and allocation of benefits in May. The May discussion will attempt to better define the root problem/uncertainty and explore options to address it. BPA suggests looking at a 2014 EI/GI analysis provide by Craig Larson from BPA.
- BPA is evaluating the approach to Phase III workshops given the disruptions from COVID-19. Key dates for joining the EIM are not expected to change. One alternative being considered is to back-load workshops later in the summer with BPA working on more detailed proposals between now and then. To date, critical path vendor support has not been an issue.

#### V. Miscellaneous

- **ACTION:** Kyna Alders will provide customers with an update on the Post-2028 product outreach.
- **ACTION:** Customers to communicate with their AEs regarding any change in business process due to COVID-19. Snohomish noted that they are moving to meter estimation which could result in meter data looking odd for a while.

#### VI. Wrap-Up/Next Steps

- Next SIG Meeting will be May 6<sup>th</sup>. Agenda topics will include continuation of discussion of off-the-top resources, gen inputs, and loss returns.



**Attachment 1: List of Attendees**

<b>In Attendance</b>	
Benton PUD	Kevin White
Clark Public Utilities	Tom Haymaker
Clatskanie PUD	Paul Dockery
Cowlitz PUD	Chris Allen, Deanna Carlson
Emerald PUD	Kyle Roadman
EWEB	Kevin Cardoza, Jon Hart, Matt Schroettig
Franklin PUD	Rich Sargent, Brian Johnson
Grays Harbor PUD	Melinda James
Idaho Falls	Chase Morgan, Bear Prairie
Lewis PUD	Luke Canfield
Pacific PUD	Humaira Falkenberg
Snohomish PUD	Anna Berg, Adam Cornelius, Scott Richards, Mike Shapley, Ryan Zeigler
Tacoma Power	Mike Hill
TEA	Ed Mount, Randy Gregg
BPA	Kyna Alders, Kirsten Watts, Kevin Farleigh, Russ Mantifel, Jenny Hurlburt, Marcus Perry, Daniel Fisher, Rachel Dibble, Steve Kerns, Jim Lebakken, Eric King
Sapere Consulting	Kevin Kytola

From: Barham, Theodore J (BPA) - PGL-5

Sent: Tue Apr 07 07:58:40 2020

To: Kerns, Steven R (BPA) - B-3; Mantifel, Russell (BPA) - B-3; Fisher, Daniel H (BPA) - PSR-6; Alders, Kyna L (BPA) - PGL-5

Subject: SIG Meeting Minutes 04\_01\_20\_v0\_BPA

Importance: High

Attachments: SIG Meeting Minutes 04\_01\_20\_v0\_BPA.docx

Please review the draft SIG notes and provide edits/comments by the end of this week. I have taken a first stab, making sure there are no records of BPA agreeing to policy outcomes.

Thanks!

Ted



**Northwest Requirements Utilities**

---

Dear Elliot,

As you know, Northwest Requirements Utilities (NRU) represents the interests of 53 Load Following, NT customers of BPA. Our membership is diverse, located in all seven states BPA serves and ranges in size from 2 aMW to over 180 aMW. Over the decades, NRU members and BPA have built a strong business partnership that supports BPA's mission to provide clean, affordable and reliable electricity throughout the region. Post-2028 looms large and we want to enter into productive, transparent conversations with BPA to discuss how the new contracts should be structured and how we can continue our mutually beneficial partnership that is so important to both of us.

To set the backdrop for the conversation, the NRU Board has adopted the eight principles listed below that emphasize what is most important to us during post-2028 contract discussions with BPA. With these principles, we can continue our collaborative partnership through the end of the current contract period and into the next. The electricity industry continues to evolve, and it is imperative our post-2028 contracts are "future-proofed" and adaptive to changing circumstances while continuing to provide clean, affordable and reliable power to end-users.

**NRU's Principles to Guide Initial Post-2028 BPA Contract Discussions**

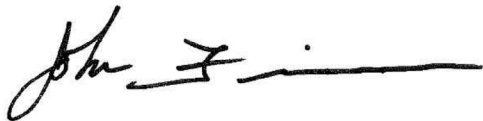
*These principles are presented as a package and, as such, are in no particular order.*

- BPA must maximize the value of the federal system for the benefit of its preference customers.
- It is essential for BPA to control costs while delivering safe and reliable power to preference customers.

- The post-2028 contract and rate structure must allow preference customers to be responsive to changes in market conditions, regulatory conditions and the needs of end-users. This includes the ability to easily and cost-effectively use non-federal resources, including distributed energy resources.
- The power products, contract structure and duration, and rate designs must balance the needs for stability, certainty, flexibility and optionality for preference customers.
- Power products must include the allocation of environmental attributes of the federal system to preference customers.
- BPA must provide equivalent treatment to both directly-connected preference customers and preference customers served by transfer.
- Irrigation rate mitigation and the Low Density Discount must be retained as essential components of any power product and corresponding rate design.
- Any rate shock resulting from a shift to a new contract or rate structure must be avoided or mitigated.

As a follow on to submittal of these principles, NRU staff requests an in-person meeting with appropriate BPA staff. An in-person meeting will serve to advance collaboration, provide context and clarity to our principles, and give BPA an opportunity to share any adjustments to its Post-2028 timeline. Again, we look forward to continuing our long running partnership.

Sincerely,

A handwritten signature in black ink, appearing to read "John Francisco". The signature is fluid and cursive, with a long horizontal stroke at the end.

John Francisco  
Northwest Requirements Utilities

**From:** Mantifel,Russell (BPA) - B-3

**Sent:** Wed Apr 08 18:11:21 2020

**To:** Alders,Kyna L (BPA) - PGL-5; Barham,Theodore J (BPA) - PGL-5; Kerns,Steven R (BPA) - B-3; Fisher,Daniel H (BPA) - PSR-6

**Subject:** RE: SIG Meeting Minutes 04\_01\_20\_v0\_BPA

**Importance:** Normal

**Attachments:** SIG Meeting Minutes 04\_01\_20\_vKA\_arm.docx

I tried to add some clarification and a few tweaks. Happy to talk through it tomorrow if people want to.

**From:** Alders,Kyna L (BPA) - PGL-5 <klalders@bpa.gov>

**Sent:** Wednesday, April 8, 2020 5:42 PM

**To:** Barham,Theodore J (BPA) - PGL-5 <tjbarham@bpa.gov>; Kerns,Steven R (BPA) - B-3 <srkerns@bpa.gov>;

Mantifel,Russell (BPA) - B-3 <rxmantifel@bpa.gov>; Fisher,Daniel H (BPA) - PSR-6 <dhfisher@bpa.gov>

**Subject:** RE: SIG Meeting Minutes 04\_01\_20\_v0\_BPA

I've made a few comments, but I'm pretty uncomfortable with the Gen inputs portion and would like clarification by others before this goes back to the SIG.

**Kyna Alders**

Bonneville Power Administration

Deputy Director of Generation Asset Management

Phone: 503-230-5971 / Cell: (b)(6)

**From:** Barham, Theodore J (BPA) - PGL-5 <[tjbarham@bpa.gov](mailto:tjbarham@bpa.gov)>

**Sent:** Tuesday, April 7, 2020 7:59 AM

**To:** Kerns, Steven R (BPA) - B-3 <[srkerns@bpa.gov](mailto:srkerns@bpa.gov)>; Mantifel, Russell (BPA) - B-3 <[rxmantifel@bpa.gov](mailto:rxmantifel@bpa.gov)>; Fisher, Daniel H (BPA) - PSR-6 <[dhfisher@bpa.gov](mailto:dhfisher@bpa.gov)>; Alders, Kyna L (BPA) - PGL-5 <[klalders@bpa.gov](mailto:klalders@bpa.gov)>

**Subject:** SIG Meeting Minutes 04\_01\_20\_v0\_BPA

**Importance:** High

Please review the draft SIG notes and provide edits/comments by the end of this week. I have taken a first stab, making sure there are no records of BPA agreeing to policy outcomes.

Thanks!

Ted

**From:** Barham, Theodore J (BPA) - PGL-5

**Sent:** Thu Apr 09 06:40:35 2020

**To:** Alders, Kyna L (BPA) - PGL-5; Mantifel, Russell (BPA) - B-3; Kerns, Steven R (BPA) - B-3

**Cc:** Fisher, Daniel H (BPA) - PSR-6

**Subject:** FW: SIG Meeting Minutes 04\_01\_20\_v0\_BPA

**Importance:** Normal

**Attachments:** SIG Meeting Minutes 04\_01\_20\_v0\_BPA\_DHF.docx

Daniel provided these comments yesterday. Easy to miss, but he made significant changes to gen inputs section....

**From:** Fisher, Daniel H (BPA) - PSR-6 <dhfisher@bpa.gov>

**Sent:** Wednesday, April 8, 2020 1:35 PM

**To:** Kerns, Steven R (BPA) - B-3 <srkerns@bpa.gov>; Barham, Theodore J (BPA) - PGL-5 <tjbarham@bpa.gov>; Mantifel, Russell (BPA) - B-3 <rxmantifel@bpa.gov>

**Subject:** RE: SIG Meeting Minutes 04\_01\_20\_v0\_BPA

My edits. Trying to be crystal clear when we are talking about capacity and energy. Plus, that energy deployed from balancing reserves today does not impact water available for slice.

**From:** Kerns,Steven R (BPA) - B-3 <[srkerns@bpa.gov](mailto:srkerns@bpa.gov)>  
**Sent:** Wednesday, April 8, 2020 11:33 AM  
**To:** Barham,Theodore J (BPA) - PGL-5 <[tjbarham@bpa.gov](mailto:tjbarham@bpa.gov)>; Mantifel,Russell (BPA) - B-3 <[rxmantifel@bpa.gov](mailto:rxmantifel@bpa.gov)>; Fisher,Daniel H (BPA) - PSR-6 <[dhfisher@bpa.gov](mailto:dhfisher@bpa.gov)>  
**Subject:** RE: SIG Meeting Minutes 04\_01\_20\_v0\_BPA

I got on the call late and don't have anything to add

**From:** Barham,Theodore J (BPA) - PGL-5 <[tjbarham@bpa.gov](mailto:tjbarham@bpa.gov)>  
**Sent:** Wednesday, April 8, 2020 8:37 AM  
**To:** Mantifel,Russell (BPA) - B-3 <[rxmantifel@bpa.gov](mailto:rxmantifel@bpa.gov)>; Fisher,Daniel H (BPA) - PSR-6 <[dhfisher@bpa.gov](mailto:dhfisher@bpa.gov)>; Kerns,Steven R (BPA) - B-3 <[srkerns@bpa.gov](mailto:srkerns@bpa.gov)>  
**Subject:** FW: SIG Meeting Minutes 04\_01\_20\_v0\_BPA  
**Importance:** High

Just a friendly reminder to please review the SIG notes, and especially you, Daniel. Should only take a few minutes.

Thanks!

Ted



**From:** Barham, Theodore J (BPA) - PGL-5

**Sent:** Tuesday, April 7, 2020 7:59 AM

**To:** Kerns, Steven R (BPA) - B-3 <[srkerns@bpa.gov](mailto:srkerns@bpa.gov)>; Mantifel, Russell (BPA) - B-3 <[rxmantifel@bpa.gov](mailto:rxmantifel@bpa.gov)>;  
Fisher, Daniel H (BPA) - PSR-6 <[dhfisher@bpa.gov](mailto:dhfisher@bpa.gov)>; Alders, Kyna L (BPA) - PGL-5 <[klalders@bpa.gov](mailto:klalders@bpa.gov)>

**Subject:** SIG Meeting Minutes 04\_01\_20\_v0\_BPA

**Importance:** High

Please review the draft SIG notes and provide edits/comments by the end of this week. I have taken a first stab, making sure there are no records of BPA agreeing to policy outcomes.

Thanks!

Ted

From: Slice.Sig.OS

Sent: Tue Apr 21 16:38:24 2020

To: Slice-SIG/OS; Farleigh, Kevin S (BPA) - PSW-6; Schimmels, Nancy M (BPA) - PSE-MEAD-GOB; Watts, Kirsten (BPA) - PSW-SEATTLE; Wilson, Scott K (BPA) - PSW-6; Normandeau, Mike (BPA) - PSE-ROAN; Gilmore, Douglas R (BPA) - PSSE-MEAD-GOB; Rimmer, William T (BPA) - PSE-MEAD-GOB; Perry, Marcus I (BPA) - PSW-SEATTLE; Bleifuss, Lindsay A (BPA) - PSW-6; Kruse, Pontip K (BPA) - PSE-MEAD-GOB

Subject: FW: [EXTERNAL] Slice SIG: Meeting Notes from 4/1/20 SIG

Importance: Normal

Attachments: SIG Meeting Minutes 04\_01\_20\_v1.docx

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**From:** Kevin Kytola

**Sent:** Tuesday, April 21, 2020 4:37:39 PM (UTC-08:00) Pacific Time (US & Canada)

**To:** Clark PUD Slice; Clatskanie Slice; Cowlitz Slice; Emerald Slice; EWEB Slice; Franklin Slice; Melinda James; Idaho Falls Slice; Lewis County PUD Slice; Pacific PUD Slice; Slice.Sig.OS; Snohomish PUD Slice; Tacoma Power Slice; TEA Slice; Benton PUD; Hill, Mike

**Subject:** [EXTERNAL] Slice SIG: Meeting Notes from 4/1/20 SIG

Hi Everyone,

Attached are meeting notes from our April 1st SIG. Please review and provide any suggested modifications at our next SIG meeting scheduled for May 6th. I expect that our next meeting will also be online so I'll set up a GoTo meeting invite and get that out to everyone prior to the meeting.

Kevin

**Kevin Kytola**

Sapere Consulting, Inc | 103 E. Main St.; Suite 301 | Walla Walla, WA 99362  
509-524-2343 (office) | (b)(6) (cell) | 509-529-7886 (fax)

From: Slice.Sig.OS

Sent: Wed Apr 29 13:15:10 2020

To: Slice-SIG/OS; Farleigh, Kevin S (BPA) - PSW-6; Schimmels, Nancy M (BPA) - PSE-MEAD-GOB; Watts, Kirsten (BPA) - PSW-SEATTLE; Wilson, Scott K (BPA) - PSW-6; Normandeau, Mike (BPA) - PSE-RONAN; Gilmore, Douglas R (BPA) - PSSE-MEAD-GOB; Rimmer, William T (BPA) - PSE-MEAD-GOB; Perry, Marcus I (BPA) - PSW-SEATTLE; Bleifuss, Lindsay A (BPA) - PSW-6; Kruse, Pontip K (BPA) - PSE-MEAD-GOB

Subject: FW: [EXTERNAL] Slice SIG: Agenda for May 6, 2020

Importance: Normal

Attachments: Slice SIG 05\_06\_20 Meeting Agenda v0.doc

---

**From:** Kevin Kytola

**Sent:** Wednesday, April 29, 2020 1:06:33 PM (UTC-08:00) Pacific Time (US & Canada)

**To:** Clark PUD Slice; Clatskanie Slice; Cowlitz Slice; Emerald Slice; EWEB Slice; Franklin Slice; Melinda James; Idaho Falls Slice; Lewis County PUD Slice; Pacific PUD Slice; Slice.Sig.OS; Snohomish PUD Slice; Tacoma Power Slice; TEA Slice; Benton PUD; Hill, Mike

**Subject:** [EXTERNAL] Slice SIG: Agenda for May 6, 2020

Hi everyone,

Attached is the agenda for next week's SIG meeting. Included on the agenda is a GoTo Meeting weblink for screen sharing and a GoTo Meeting call-in number. Note that this call-in number is NOT the same number that we've historically used from FreeConferenceCall.com. I will update the meeting invite accordingly.

I hope you are all doing well

Kevin

**Kevin Kytola**

Sapere Consulting, Inc | 103 E. Main St.; Suite 301 | Walla Walla, WA 99362  
509-524-2343 (office) | (b)(6) (cell) | 509-529-7886 (fax)

**Slice Implementation Group**  
**May 6, 2020**  
**Teleconference**

Call-in: (646) 749-3112; Access Code 240-697-645

Screen Share: GoTo Meeting: <https://global.gotomeeting.com/join/240697645>

**SLICE IMPLEMENTATION GROUP**

- 1:00 – 1:05 ..... **Introductions/Agenda Review** ..... Kytola  
*Slice Manager Transition*  
*Approve April 1, 2020 Meeting Minutes*
- 1:05 – 1:15 ..... **Operations Update** ..... BPA
- 1:15 – 1:30 ..... **Spring Spill** ..... BPA  
*Update on spill season thus far, including COVID response impacts*
- 1:30 – 2:15 ..... **EIM Phase III Q&A** ..... All  
*Continued alignment of understanding of Slice and EIM business processes, loss returns,  
Gen Inputs, off-the-top resources, and allocation of benefits.*
- 2:15 – 2:30 ..... **Miscellaneous/Action Calendar Review** ..... Kytola  
*Post-2028 product discussions*

**Next SIG Meeting: June 3, 2020**

**Next Large Group Executive Meeting**  
**TBD**

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<https://global.gotomeeting.com/install/966578821>

From: Slice.Sig.OS

Sent: Wed May 20 08:24:31 2020

To: Slice-SIG/OS; Farleigh, Kevin S (BPA) - PSW-6; Schimmels, Nancy M (BPA) - PSE-MEAD-GOB; Watts, Kirsten (BPA) - PSW-SEATTLE; Wilson, Scott K (BPA) - PSW-6; Normandeau, Mike (BPA) - PSE-RONAN; Gilmore, Douglas R (BPA) - PSSE-MEAD-GOB; Rimmer, William T (BPA) - PSE-MEAD-GOB; Perry, Marcus I (BPA) - PSW-SEATTLE; Bleifuss, Lindsay A (BPA) - PSW-6; Kruse, Pontip K (BPA) - PSE-MEAD-GOB

Subject: FW: [EXTERNAL] Slice SIG: Meeting Summary for 5/6/20

Importance: Normal

Attachments: SIG Meeting Minutes 05\_06\_20\_v1.docx

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**From:** Kevin Kytola

**Sent:** Wednesday, May 20, 2020 8:23:15 AM (UTC-08:00) Pacific Time (US & Canada)

**To:** Clark PUD Slice; Clatskanie Slice; Cowlitz Slice; Emerald Slice; EWEB Slice; Franklin Slice; Melinda James; Idaho Falls Slice; Lewis County PUD Slice; Pacific PUD Slice; Slice.Sig.OS; Snohomish PUD Slice; Tacoma Power Slice; TEA Slice; Benton PUD; Hill, Mike

**Subject:** [EXTERNAL] Slice SIG: Meeting Summary for 5/6/20

Hi All,

Attached is the summary from our May 6th SIG. Please provide any suggested modifications at our next meeting scheduled for Wednesday June 3rd.

Thanks

Kevin

**Kevin Kytola**

Sapere Consulting, Inc | 103 E. Main St.; Suite 301 | Walla Walla, WA 99362  
509-524-2343 (office) | (b)(6) (cell) | 509-529-7886 (fax)



**Regional Dialogue**  
**SLICE Implementation Group (SIG)**  
**Meeting Summary**  
**May 6, 2020**

**Meeting Attendees:** See Attachment 1

**I. Meeting Minutes**

- The April 1, 2020 meeting summary was approved without modification.

**II. Operations Updates**

- GCL is in refill mode. Target of 1286 ft forebay elevation by end of June. Typical July 4 operations are expected. End of May max forebay elevation target of 1272.8 ft is likely to change. Planning group is looking at developing a minimum for end of May. BPA will provide min and max guidance.
- There were several recent violations related to infeasibility. BPA acknowledges that customers are doing their best to meet intent. BPA suggests smoothing of hourly discharges as ramping for the first hour coming off flexible spill is the likely cause of the issues. Customers expect issues to go away as flows become sufficient going forward.

**III. Spring Spill**

- BPA's actual operations are typically two blocks at MCN and JDA but a single block of flexible spill at BON rather than the planning case of two blocks of flexible spill per day. **ACTION:** While no issues have been identified by customers to-date, BPA asks that customers let them know if there is a need to modify how flexible spill is being planned.
- There have not been any issues for flexible spill operations due to COVID-19. If monitoring for gas bubble trauma is discontinued, for example due to challenges with field crews, then spill volume will be reduced.
- Long-term spill approaches should be discussed at the SIG after a CRSO decision is reached later in the fall.

**IV. EIM Phase III Q&A**

- Water Accounting: Customers confirmed that BPA's explanation of why Slice water inventory is not impacted from BPA participation in the EIM was satisfactory.
- Reserve Energy Deployments: BPA clarified that within-hour contingency energy deployments are captured in the BOS base and reconciled through each customer's BOS deviation account. Balancing energy deployments result in revenue that goes to the composite cost pool and BOS is not adjusted. A future consideration for BPA is whether to change the mechanics (e.g., treat balancing and contingency the same). If balancing and contingency reserves continue to be treated differently, then it is more difficult to determine how to appropriately allocate incremental benefits of EIM participation. **ACTION:** Customers to evaluate options for how to treat non-regulation capacity that may be bid into the EIM (see options provided by BPA in April) and provide input on preferences/considerations to BPA at June 3 SIG for further discussion.
- BOS Deviation Mechanics: BPA noted that the BOS deviation mechanics were explained at a past SIG. **ACTION:** Kytola to send to customers supporting information from past SIG meeting. The returns from the BOS deviation account are triggered after a 4800 MWh threshold is reached

and allocated hourly on a flat schedule limited to 2400 MWh per day (100 aMW). Multiple days of significant deviations could result in returns to customers “getting behind”. **ACTION:** Mantifel to look into potential issues of getting behind on returns to customers. BPA will also explore what it would take to modify trigger threshold and/or daily cap on returns if it were deemed necessary. The change would be made in a data input independent from the SCA and not impact the Slice simulator.

- Imbalance and Over/Under Penalty Charge Codes: BPA clarified that allocation of charge codes for energy imbalance and over/under scheduling penalties need to be considered independently. Slice customers noted that locking down their right-to-power and demonstrating being balanced at T-55, should impact the charge codes that might be allocated. **ACTION:** For discussion at the June 3 SIG, Mantifel will prepare scenarios for imbalance charges anchored to Slice right-to-power being locked down at T-55. BPA noted that the first “structured scenario” provided by BPA back in February may provide some insights into this topic. BPA also noted that most EIM entities settle imbalance at LMP rather than having penalty bands.
- Slice clock scenarios: **ACTION:** Barham to inquire with IT team on best timing for future testing of a T-55 lock-down scenario in the SCA if SIG determines it to be viable. BPA noted they are still evaluating potential benefits of Slice locking down right-to-power ahead of EIM bid deadline (T-75).

#### V. Miscellaneous

- Post-2028 contract outreach: BPA noted that outreach by Account Executives will be extended through August 2020 with hopes that face-to-face discussions would be feasible. BPA expects to provide feedback on themes in the fall of 2020. The schedule for a Concept Paper in late 2021 is not expected to require extension.

#### VI. Wrap-Up/Next Steps

- Next SIG Meeting will be June 3<sup>rd</sup>. Agenda topics will include continuation of discussion of off-the-top resources, energy imbalance charge scenarios, BOS deviation account mechanics, and loss returns.

**Attachment 1: List of Attendees**

<b>In Attendance</b>	
Benton PUD	Kevin White
Clark Public Utilities	Tom Haymaker
Clatskanie PUD	Paul Dockery
Cowlitz PUD	Chris Allen, Deanna Carlson, Chris Velat
Emerald PUD	Kyle Roadman
EWEB	Kevin Cardoza, Jon Hart, Matt Schroettinig
Franklin PUD	Rich Sargent, Brian Johnson
Grays Harbor PUD	
Idaho Falls	Chase Morgan
Lewis PUD	Luke Canfield
Pacific PUD	Humaira Falkenberg
Snohomish PUD	Anna Berg, Adam Cornelius, Mike Shapley, Julie Potter
Tacoma Power	Mike Hill
TEA	Ed Mount, Randy Gregg
BPA	Ted Barham, Kirsten Watts, Kevin Farleigh, Russ Mantifel, Jenny Hurlburt, Marcus Perry, Sarah Burczak, Daniel Fisher, Locke Christman, Mike Normandeau,
Sapere Consulting	Kevin Kytola

## Franklin PUD Post-2028 Conversation

- **Products and Services**

- Slice with additional option. Slice of the system annually, option to purchase additional based on capacity needs. If too cumbersome, maybe purchase more slice on annual basis. Example, buy critical slice per contract, then buy additional slice with more risk based on water. Willing to take on that risk if BPA is willing to take that on. Two tiers of Slice, and keep a block.
- Want to stick with an annual product, rather than hourly (load following style)
- If customers had a significant load decrease, trading of HWMs on a two year rate period basis.

- **FCRPS Allocation and Rate Structure**

- Forecasting for Tier 2 purchases is too difficult because of the lengthy timeline (purchase period commitments). Make the forecast timing closer to when Tier 2 is needed. Would make it easier to go with BPA Tier 2.
- TRM seems fair, it's not a bad way to do it. Contain the tier 1 costs and allocate the tier 2 costs appropriately.
- Struggle with CHWM being set once. Changes in conservation and load sizes increase/decrease changes the need for CHWM. Maybe same as trading HWM concept. Reshuffling of HWMs every rate period. Figure out how to use unused HWM. Lock in PF price rather than worry about market prices

- **Rate Case Frequency**

- At least 2 years- feel that decisions are already made by the time issues get to the workshops. More about what we BPA is planning rather than asking for input.
- Would like more certain info about 6 months earlier to help budget with their fiscal year that lines up with the calendar year. Maybe a 3 year rate period would solve this problem.
- 3 years would give more time to shuffle HWMs, locks in Tier 2 purchase longer

- **Contract Term**

- Like longer term with more flexibilities for adjustments. If it was a 20 year contract, need the ability to adjust HWMs (reshuffle). With the ability to do Slice with options (described above), 20 year contract is favorable.
- Need to keep the cost based system and provide for the region, so longer term makes sense.
- Long-term helps with stability for Franklin and their rate payers.

## **Cost control, competitiveness and Public Benefits**

- Franklin likes IRD and LDD benefits.
  - Appreciate that BPA has made cost control a priority. Maybe think outside the box with the next contracts to help control revenue. Being in secondary market is harder to control revenue.
  - BPA could benefit from a contract structure that meets customers' needs but also addresses BPA's revenue risk.
- **Carbon Free Products**
    - Like BPA's fuel mix. With CETA it does not give WA utilities much of a choice. Very thankful for BPA in that aspect.
  - **Top Concerns**
    - Load uncertainty. For example, new business park, casino, new schools, housing development is on the horizon. That is great but what if it does not come to fruition.
    - Legislative uncertainty (e.g. CETA and future requirements)
    - Would be unfortunate to see the region full of data centers eating up low cost power when it should go to residents and local businesses.
    - Franklin is here to serve the community. Could be a huge portion of a consumer's budget, the decisions Franklin makes greatly impact the economy. How does Franklin adapt quickly to changes (e.g. CETA, pandemic) and not greatly impact whether a consumer has to choose between paying their power bill and eating for the month.
    - Fish costs, orcas, dams, etc. These issues will not go away. Potential realignment of costs between agencies.

Other thoughts: Thank you for the dialogue. Know that we cannot implement everything, but really appreciate the dialogue. Happy we are starting this early.

It's important to reach out to TEA for Slice/Block feedback. Operational, day-to-day issues. Have a similar conversations with TEA. Ed Mount would be a good person to talk with, he pretty much represents the Slice/Block customers. Ed's cell phone number (b)(6) They are going to send him and email and let him know BPA is going to reach out to him.

From: Thompson, Kim T (BPA) - PS-6

Sent: Mon Jun 08 16:47:25 2020

To: Cook, Joel D (BPA) - P-6; Hairston, John L (BPA) - K-7; Mainzer, Elliot E (BPA) - A-7

Subject: FW: Letter from Elliot Mainzer regarding Post-2028

Importance: Normal

Attachments: PPC Response Ltr to Post-2028 Contracts.pdf; image001.jpg; image002.jpg; image003.jpg; image004.jpg; image005.jpg; image006.jpg

Closing the loop that I shared out the PPC response letter with Debra and Scott. I've received a confirmation thank you from Scott.

Best Regards,

**Kim Thompson**

Northwest Requirements Marketing | Acting Vice President

**Bonneville Power Administration**

[bpa.gov](http://bpa.gov) | P 503-230-3408 | C(b)(6)

From: Thompson, Kim T (BPA) - PS-6

**Sent:** Monday, June 8, 2020 4:33 PM

**To:** 'Smith, Debra' <Debra.Smith@seattle.gov>; 'Scott Simms' <ssimms@ppcpdx.org>

**Cc:** Wilson, Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Munz, Paul G (BPA) - PSW-SEATTLE <pgmunz@bpa.gov>

**Subject:** Letter from Elliot Mainzer regarding Post-2028

Hi Debra and Scott – Elliot asked that I relay the attached letter, responding to PPC’s inputs regarding the Post-2028 engagement. Please feel free to further share as appropriate.

I had an opportunity to connect with Scott last week to foreshadow that we would be sharing this letter. Please do not hesitate to outreach should you have any questions, comment or follow-up.

Thank you both.

Best Regards,

**Kim Thompson**

Northwest Requirements Marketing | Acting Vice President

**Bonneville Power Administration**

[bpa.gov](http://bpa.gov) | P 503-230-3408 | C(b)(6)





From: Farleigh, Kevin S (BPA) - PSW-6

Sent: Tue Jun 09 08:33:36 2020

To: Gillins, Christine A (CONTR) - PSW-SEATTLE; Hobson, Claire A (BPA) - PSW-6; Munz, Paul G (BPA) - PSW-SEATTLE; Perry, Marcus I (BPA) - PSW-SEATTLE; Watts, Kirsten (BPA) - PSW-SEATTLE; Wilson, Scott K (BPA) - PSW-6; Bleifuss, Lindsay A (BPA) - PSW-6; Kruse, Pontip K (BPA) - PSE-MEAD-GOB; Lonyo, Cynthia L (BPA) - PSE-MEAD-GOB; Miller, Andrew J (BPA) - PSE-6; Normandeau, Mike (BPA) - PSE-RONAN; Ross, Hope E (BPA) - PSE-MEAD-GOB; Schimmels, Nancy M (BPA) - PSE-MEAD-GOB; Schwendiman, Celeste M (BPA) - PSE-BOISE

Cc: Olive, Kelly J (BPA) - PSS-6; Mohamoud, Farah A (BPA) - PSS-6

Subject: Signed response letter to PPC re: Post-2028 contracts

Importance: Normal

Attachments: PPC Response Ltr to Post-2028 Contracts.pdf

Good morning,

For your awareness, and to follow up my note from last week, Elliot has signed the response letter to PPC. Please find attached. I believe this was sent to Debra Smith and Scott Simms yesterday afternoon.

Kevin

**From:** Farleigh, Kevin S (BPA) - PSW-6

**Sent:** Thursday, June 4, 2020 11:09 AM

**To:** Farleigh, Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Gillins, Christine A (CONTR) - PSW-SEATTLE <cagillins@bpa.gov>; Hobson, Claire A (BPA) - PSW-6 <cahobson@bpa.gov>; Munz, Paul G (BPA) - PSW-SEATTLE <pgmunz@bpa.gov>; Perry, Marcus I (BPA) - PSW-SEATTLE <miperry@bpa.gov>; Watts, Kirsten (BPA) - PSW-SEATTLE <rk watts@bpa.gov>; Wilson, Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Bleifuss, Lindsay A (BPA) - PSW-6 <lableifuss@bpa.gov>; Kruse, Pontip K (BPA) - PSE-MEAD-GOB <pkkruse@bpa.gov>; Lonyo, Cynthia L (BPA) - PSE-MEAD-GOB <clonyo@bpa.gov>; Miller, Andrew J (BPA) - PSE-6 <ajmiller@bpa.gov>; Normandeau, Mike (BPA) - PSE-ROANAN <mrnormandeau@bpa.gov>; Ross, Hope E (BPA) - PSE-MEAD-GOB <heross@bpa.gov>; Schimmels, Nancy M (BPA) - PSE-MEAD-GOB <nmschimmels@bpa.gov>; Schwendiman, Celeste M (BPA) - PSE-BOISE <cmschwendiman@bpa.gov>

**Cc:** Olive, Kelly J (BPA) - PSS-6 <kjmason@bpa.gov>; Mohamoud, Farah A (BPA) - PSS-6 <famohamoud@bpa.gov>

**Subject:** Draft PPC Letter

Good morning AEs,

I just mentioned this at our PSW staff meeting and was reminded that we all would benefit from this. So to that end, please find attached the draft/unsigned BPA response letter to PPC regarding post-2028 contracts. This responds to their letter sent to BPA back in February. This is pretty much through the TAC process and is currently sitting with Elliot for his review and signature. (It is not yet signed, so obviously please do not share externally). But we did want to provide you this advance copy for your awareness. We will be sure you get a copy of the final letter when signed.

Please let me know if you have any questions. Thanks.

Kevin

Kevin Farleigh  
Account Executive  
Bonneville Power Administration  
905 N.E. 11th Ave.  
Portland, OR 97232  
Office: (503) 230-4055  
Cell: (b)(6)  
Fax: (503) 230-3242



## Department of Energy

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

EXECUTIVE OFFICE

June 8, 2020

In reply refer to: PSW-6

Debra Smith, Chairwoman of the PPC Executive Committee  
Seattle City Light  
PO Box 34023  
Seattle, WA 98124

Dear Executive Committee of the Public Power Council:

The Bonneville Power Administration appreciates the thoughtful perspectives provided in your letter dated February 6. We too value the tremendous partnership and legacy we have built together over the decades. We share common missions and many mutual goals and interests. As Bonneville has demonstrated through the implementation of our strategic plan, we are committed to responding to public power's concerns and interests. As such, we will work with public power to develop a path forward for post-2028 contracts. Unsurprisingly, the COVID-19 pandemic has emerged as a significant factor and is requiring near-term flexibility in our approach, but this initiative is receiving our full attention.

In your letter, you stressed the importance of public power's preference rights to the clean, reliable, cost-based power delivered from the Federal system. I assure you that Bonneville fully acknowledges and accords public preference and priority in its selling of Federal power. We also heard your call for a customer-centric approach to developing the next set of contracts. We wholeheartedly agree. Bonneville's primary goal in the post-2028 initiative is designing an offering to meet our preference customers' needs.

Thank you for outlining some of the common interests of Bonneville's preference customers. We agree that our alignment on these interests – affordability, price certainty, environmental attributes, reliability, flexibility and optionality, term of contract, and risk management – will be critical to ensuring the success of post-2028 contracts. We also agree that much more discussion and exploration is needed around these, and other, interests. Bonneville will be looking to PPC and other trade associations to help in this assessment with the region's preference customer utilities.

To that end, while we appreciate PPC's desire for a high-level product proposal by June, it would be premature to offer a proposal without receiving greater input from preference customers. Each

design feature should be carefully crafted with full consideration of the trade-offs between and among them. To take on a truly customer-centric approach, we need to work in partnership to navigate multiple design considerations, many of which you identify in your letter. Before Bonneville offers a proposal for new long-term contracts for post-2028 service, we need to fully understand public power's standing on these issues and the interplay with Bonneville's own needs and interests.

Separate from the contract is the topic of price certainty. Bonneville welcomes a discussion about the ideas and options customers are willing to consider. For instance, a key cost factor affecting Bonneville's rates and price certainty is reliance on secondary marketing revenues as a credit offsetting Bonneville's costs. Would customers contemplate policy and rate adjustments to mitigate that volatility in order to achieve price certainty?

Environmental attributes will also need further exploration before Bonneville can offer a proposal. By virtue of its system mix, Federal power already features a very low carbon emission profile. We are interested in defining the other environmental attributes customers are interested in and the tradeoffs customers are willing to consider should we differentiate between products with varied emission profiles.

We hear PPC's requests for flexibility, optionality, stability and certainty. We want these things for our customers, too. But of course, the details matter, as these concepts can mean different things to different customers. And, they must also provide BPA with the necessary certainty and stability to sustain the capital investments necessary to preserve the tremendous value of the Federal system.

We set aside the formal customer survey at your urging; however, we continue to listen to and engage with customers, including through listening sessions being facilitated by Account Executives through the summer. The COVID-19 pandemic has emerged as a significant disruption in this effort, but we are adjusting by offering additional time and flexibility to AEs and our customers for these important discussions.

Following these engagements, we plan to produce a summary report this fall that will highlight core themes, issues, and specific topics for further exploration. The release of that report will also signal a shift to the next working phase aimed at achieving internal and external alignment around post-2028 goals and principles.

This phase will include close coordination with customers, PPC and other trade associations, and will culminate in the development of a post-2028 concept paper. This concept paper will provide a high-level framework for post-2028 contracts, addressing key issues, providing leanings when

available, and highlighting areas for additional attention going forward. We are currently targeting late 2021 for the concept paper release.

Bonneville remains committed to the goals of our strategic plan, which is positioning the agency as highly cost-competitive, responsive to customer needs, and poised to deliver valuable services for our customers for years to come. We are advocates for long-term contractual relationships that deliver clean, reliable, cost-based power to our customers, yield benefits of stability and lower costs, and satisfy both community interests and the regulatory requirements of our customers.

Bonneville looks forward to continuing our close coordination and will work to leverage PPC's convening, aligning, and consensus-building capabilities. Together we can define Bonneville's path as public power's provider of choice well beyond 2028.

Sincerely,

A handwritten signature in blue ink, appearing to read "Elliot Mainzer".

Elliot Mainzer  
Administrator and CEO

## Post-2028 Benton PUD

- **Products and Services –**
  - BPUD is all in BPA, BPA hydro, CGS nuclear, value clean reliable power supply. A lot of talk to bend the cost curve, appreciate our willingness. Love Elliot, have a lot of confidence in him.
  - Need to hold each other accountable, they have every intention of maximizing their bpa supply. Not going to walk away.
  - Public perception of hydro is eroding. Hydro is not perfect, but it works for the region. Need to work together.
  - Need to look at all customer load shapes. BPUD has a dramatic summer peak. Need to work together to serve capacity. Wish BPA could help out in the summer months. Create a product that serves both winter and summer peakers.
  - The Slice/Block, is shaped on 2010 load, is there a way to update or look at this differently. July and August are very concerning to them.
  - The resource adequacy effort is very important. If BPUD has to cover their hourly peak for RA, that is scary. Do not know where the resource is going to come from.
  - Limitations to BPA's willingness to build generation, think the region should start talking more about small modular reactors. Is there a vision for RA past 2028? The hydro system is maxed out. Loads are eventually going to increase.
  - Is BPA willing to get more active about RA issues?
  - How to cover deficits. Demand response internally because they have no choice. Is BPA really going to move forward with any DR projects.
  - Seeing hydro under attack, nuclear not supported, natural gas not supported, so if not DR, then what? Batteries, wind, solar, are not the answer.
  - TRI DEC group- aggregates economic development in tri cities, and sub groups, one outcome was electrification of transportation. Tri cities looks like energy hub, approached on solar and wind, point is there may be opportunities to work together to bring in new resources, but there are contract restrictions.
  - Would like ability to bring in resources meet needs without contract restrictions. Solar with batteries potentially.
- **FCRPS Allocation and Rate Structure -**
  - Seriously looking at load following bc no other choice for capacity needs. This is how BPUD differs from other Slicers. Very dramatic summer peaks.
  - If BPUD became load following, that would not solve all problems. Would still need resources, above rhwm, etc. Would like more resource flexibility for CETA purposes. Maybe not locked in for such long terms.
  - BPA has enough capacity in summer to absorb BPUD demand

- **Rate Case Frequency-**
  - No strong opinion. Every year seems too short, but more than 2 years too long. Two years seems reasonable.
  - As an LF customer, would like the opportunity to weigh in more frequently.
  
- **Contract Term –**
  - Does not seem wise to sign a 20 year deal. Maybe a 10 year deal? However does not help BPA to have as shorter time.
  - Need to focus on regional issues and see results in order to decide on contract length
  
- **Cost control, competitiveness and Public Benefits –**
  - Must keep IRD. Big benefit to BPUD.
  
- **Carbon Free Products –**
  - Need RECs, and carbon free products for CETA
  
- **Top Concerns –**
  - Can customers that want to commit early, can they sign a new contract early? Would like to switch products in 2025. Can Benton PUD sign early? Would like to rely on BPA for capacity deficit
  - Never ending pounding on hydro, fish, etc. a lot of unknowns.
  - Is BPA going to get behind additional resource baseload capability?



From: Slice.Sig.OS

Sent: Tue Jun 16 16:34:15 2020

To: Slice-SIG/OS; Farleigh, Kevin S (BPA) - PSW-6; Schimmels, Nancy M (BPA) - PSE-MEAD-GOB; Watts, Kirsten (BPA) - PSW-SEATTLE; Wilson, Scott K (BPA) - PSW-6; Normandeau, Mike (BPA) - PSE-RONAN; Gilmore, Douglas R (BPA) - PSSE-MEAD-GOB; Rimmer, William T (BPA) - PSE-MEAD-GOB; Perry, Marcus I (BPA) - PSW-SEATTLE; Bleifuss, Lindsay A (BPA) - PSW-6; Kruse, Pontip K (BPA) - PSE-MEAD-GOB

Subject: FW: [EXTERNAL] Slice SIG: June 3, 2020 Meeting Notes

Importance: Normal

Attachments: SIG Meeting Minutes 06\_03\_20\_v0.pdf

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**From:** Kevin Kytola

**Sent:** Tuesday, June 16, 2020 4:33:02 PM (UTC-08:00) Pacific Time (US & Canada)

**To:** Clark PUD Slice; Clatskanie Slice; Cowlitz Slice; Emerald Slice; EWEB Slice; Franklin Slice; Melinda James; Idaho Falls Slice; Lewis County PUD Slice; Pacific PUD Slice; Slice.Sig.OS; Snohomish PUD Slice; Tacoma Power Slice; TEA Slice; Benton PUD; Hill, Mike

**Subject:** [EXTERNAL] Slice SIG: June 3, 2020 Meeting Notes

Hi All,

Attached is the meeting summary from our June 3rd SIG meeting. Please provide any suggested modifications at our next meeting on July 8th.

Thanks

Kevin

**Kevin Kytola**

Sapere Consulting, Inc | 103 E. Main St.; Suite 301 | Walla Walla, WA 99362  
509-524-2343 (office) | (b)(6) (cell) | 509-529-7886 (fax)

**Regional Dialogue**  
**SLICE Implementation Group (SIG)**  
**Meeting Summary**  
**June 3, 2020**

**Meeting Attendees:** See Attachment 1

**I. Meeting Minutes**

- The May 6, 2020 meeting summary was approved without modification.

**II. Operations Updates**

- Snake is expected to decrease from 160 kcfs down to 120 kcfs.
- Spill is at 125% gas cap due to high flows. There has been little use of flexible spill.
- JDA max discharge 415 kcfs.
- BON forebay elevation at 75.5 ft.
- ARW discharges expected to be at 29 kcfs next week.
- CGS at 65%. Could be reduced over weekend.
- GCL July 4<sup>th</sup> forebay elevation target expected to be 1286 to 1287 ft. BPA will be confirming plans with BOR.

**III. BOS Deviation Account**

- BPA shared example of mechanics (attached). There were no notable questions or clarifications.
- The trigger (i.e., 4800 MW) and approach to returning energy can be modified easily.

**IV. EIM Phase III Q&A**

- Imbalance Settlement Scenarios: Mantifel walked through imbalance scenarios (attached). The following are points of discussion/clarification.
  - Slide 3: The term “deadline” is the financial point of reference for settlement.
  - Slide 4: Under the EIM, balancing happens earlier (between T-55 and T-40) than it does today (T-10).
  - Slide 10: BPA plans to automate base schedule updates for “instructed imbalance”. Uninstructed imbalance would be charged at LMP PLUS.
  - Penalty bands are being discussed by the Gen Inputs team at BPA.
  - **ACTION:** BPA to determine what the billing determinant would be for imbalance (e.g., would it be a Slice customer’s tagged amount at T-55?).
- Resource Sufficiency: **ACTION:** At the next SIG, BPA RS team will walk through scenarios related to over/under scheduling.
- Off-the-top Options: Kytola presented graphical depictions of the options developed by customers with the goal of achieving conceptual alignment on the mechanics of each option. **ACTION:** BPA will review offline and provide feedback to customers. Kytola will follow-up with BPA to schedule a subsequent conversation.

## V. Miscellaneous

- Post-2028 contract outreach: Outreach is expected to continue into the fall.
- Slice True-up: Current forecast is still for a credit.
- Multi-year study call: BPA to propose potential dates in the next two weeks. Changes this year to use 38 traces (1982 to 2019) instead of past studies that used 66 traces up to 2015.

## VI. Wrap-Up/Next Steps

- Next SIG Meeting will be July 8<sup>th</sup>.

### Attachment 1: List of Attendees

In Attendance	
Benton PUD	Kevin White, Paul Durham
Clark Public Utilities	Tom Haymaker
Clatskanie PUD	Paul Dockery
Cowlitz PUD	Chris Allen, Deanna Carlson
Emerald PUD	Kyle Roadman
EWEB	Jon Hart, Matt Schroettig
Franklin PUD	Rich Sargent, Brian Johnson
Grays Harbor PUD	
Idaho Falls	Chase Morgan
Lewis PUD	Luke Canfield
Pacific PUD	Humaira Falkenberg
Snohomish PUD	Anna Berg, Adam Cornelius, Kelly Wallace, Julie Potter
Tacoma Power	Mike Hill
TEA	Ed Mount, Randy Gregg
BPA	Ted Barham, Kirsten Watts, Kevin Farleigh, Russ Mantifel, Jenny Hurlburt, Marcus Perry, Locke Christman, Mike Normandeau, Kyle Cisco, Eric King
Sapere Consulting	Kevin Kytola

### Example of a BOS Deviation “Distribution”

At 11:45 each night, the BOS Base Reconciliation process runs and creates a BOS Base Adjustment. Just after midnight, the BOS balance is checked. If the balance exceeds the threshold, in the case of CLSK, about 34.8 MWh (CLSK’s % of 4800 MWh), then a “Distribution Return” is triggered. The distribution amount is the Slice % of 2400 MWh, or 17.4 MWh for CLSK. The distribution always moves the balance toward zero.

Participant: CLSK

Energy Deviation Account    Final Interval Run - Right To Power    Final Interval Run - Simulation Status    Final Interval Project Data    Final Interval R

From: 5/3/2020    To: 5/8/2020    Find

Transaction Type	Transaction Date/Time	Amount	Balan
Rounding Amount	5/8/2020 9:54:19 AM	-0.14	23.95
Rounding Amount	5/8/2020 8:54:19 AM	-0.13	24.09
Rounding Amount	5/8/2020 7:54:17 AM	-0.17	24.22
Rounding Amount	5/8/2020 6:54:16 AM	-0.26	24.39
Rounding Amount	5/8/2020 5:54:15 AM	0.36	24.64
Rounding Amount	5/8/2020 4:54:14 AM	0.22	24.28
Rounding Amount	5/8/2020 3:54:13 AM	0.23	24.06
Rounding Amount	5/8/2020 2:54:12 AM	0.27	23.84
Rounding Amount	5/8/2020 1:54:11 AM	-0.19	23.57
Rounding Amount	5/8/2020 12:54:10 AM	0.49	23.76
Distribution Return	5/8/2020 12:02:03 AM	-17.41	23.27
Rounding Amount	5/7/2020 11:54:09 PM	-0.36	40.68
BOS Base Adjustment	5/7/2020 11:45:02 PM	-5.84	41.04

The distribution is applied across the next full calendar day (in this case, 5/9) as the “BOS Deviation Return”, and is added to CLSK’s BOS. This gives customers ample time to respond to the change. The hourly amount is always equal to the Slice %.

Overview    BOS    Project Results    Proj. Results Daily    Targets & Margins    Simulation History    Sim. History Daily    Real World    Real World Daily    Issues    C

10

	Fri 5/8/2020			Sat 5/9/2020								
	HE22	HE23	HE24	HE01	HE02	HE03	HE04	HE05	HE06	HE07	HE08	HE09
BOS Base	19.1	5.9	8.3	14.6	14.6	14.6	17.1	19.4	20.7	22.5	19.6	19.6
Additional CGS Energy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BOS Flex Supplied	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BOS Deviation Return	0.0	0.0	0.0	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Total BOS Amounts	19.1	5.9	8.3	15.4	15.3	15.4	17.8	20.2	21.4	23.2	20.3	20.4

Scheduling Timeline Discussion  
SIG – June 3, 2020

**PRE-DECISIONAL – FOR DISCUSSION PURPOSES ONLY**



## Structured Scenarios: Overview

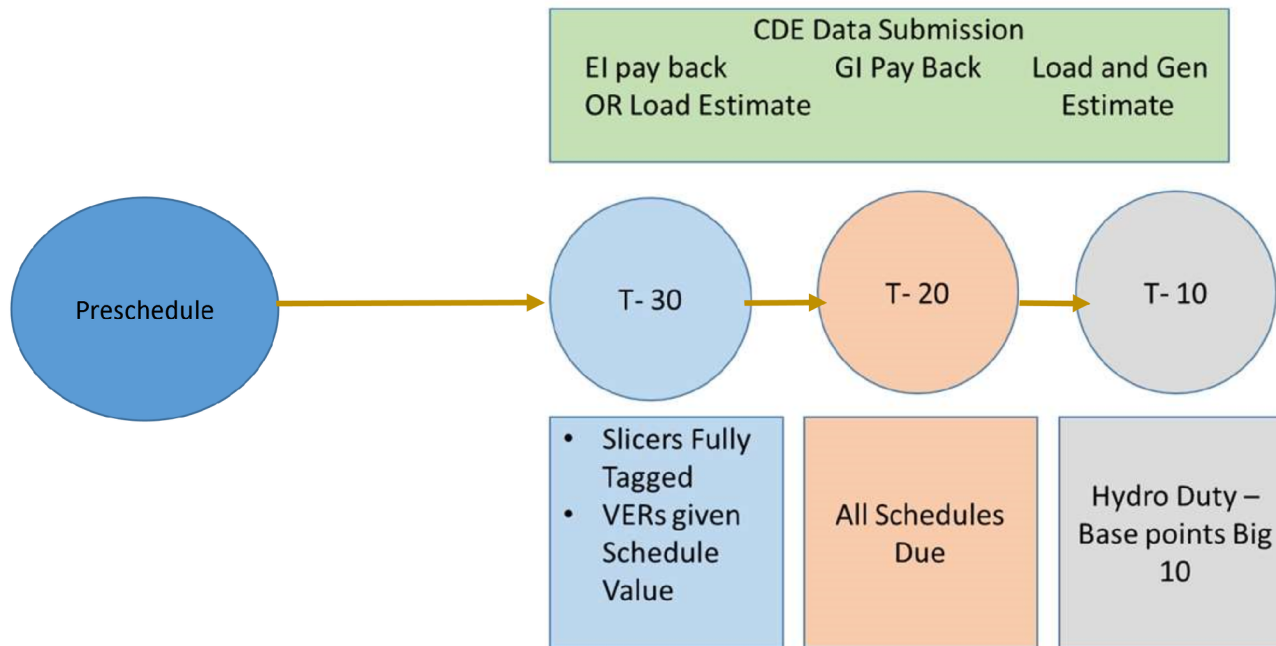
- These scenarios were first discussed in the April 2019 customer workshop.
- The assumptions for these scenarios are still applicable for current discussions:
  - Imbalance is calculated based on a T-55 timeline
  - Imbalance is directly allocated to each transaction/customer
  - This does not cover application of the Over/Under Scheduling penalty because BPA has not developed proposals and there are a wider array of possibilities

## Overview Continued

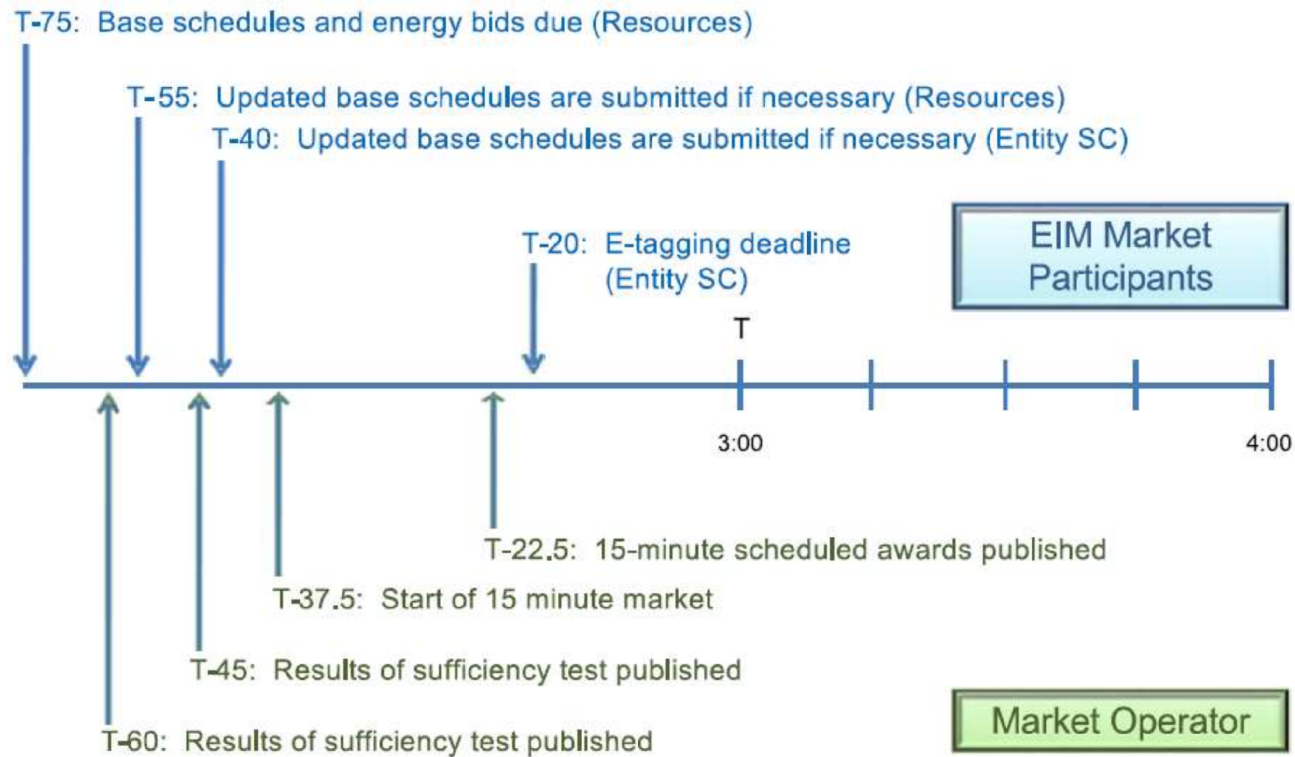
- Even with a scheduling “deadline” of T-55 or earlier, customers in the EIM are still able to make eTag adjustments or submit new eTags based on existing OATT Order 764 timelines
- Such changes/new schedules may produce imbalance for the BAA to a certain extent
- For the scenarios below “within hour” changes are made after T-55
  - WHEN they are made after T-55 can create different impacts
  - These scenarios assume schedules are changed between T-40 and T-30
- BPA must also make decisions about the allocation of such imbalances
- **BPA has NOT made decisions on its scheduling timelines or allocations – today’s discussion is for illustrative purposes only**



# Current Scheduling timelines



# EIM Base Schedule Timing



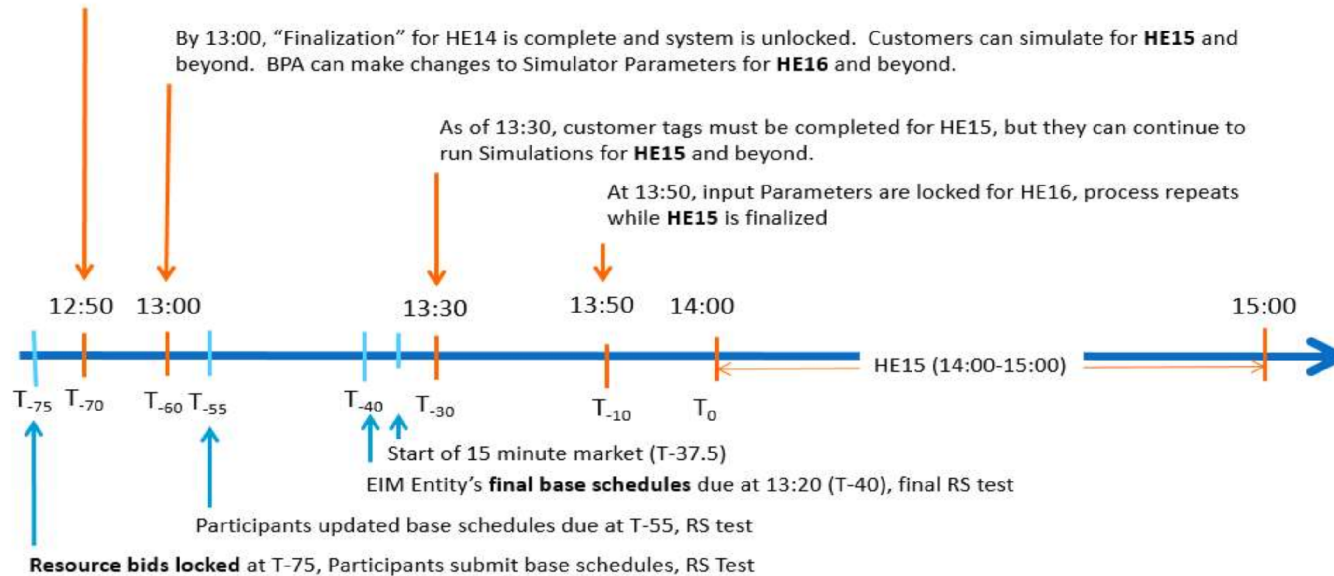
# EIM Base Schedule and Slice Timing

At 12:50, system is locked down while HE14 is "Finalized." For the next 10 minutes, nothing can be published from MDF to SWRS, and no simulations can be run. Simulation Parameters for **HE15** are locked at this point.

By 13:00, "Finalization" for HE14 is complete and system is unlocked. Customers can simulate for **HE15** and beyond. BPA can make changes to Simulator Parameters for **HE16** and beyond.

As of 13:30, customer tags must be completed for HE15, but they can continue to run Simulations for **HE15** and beyond.

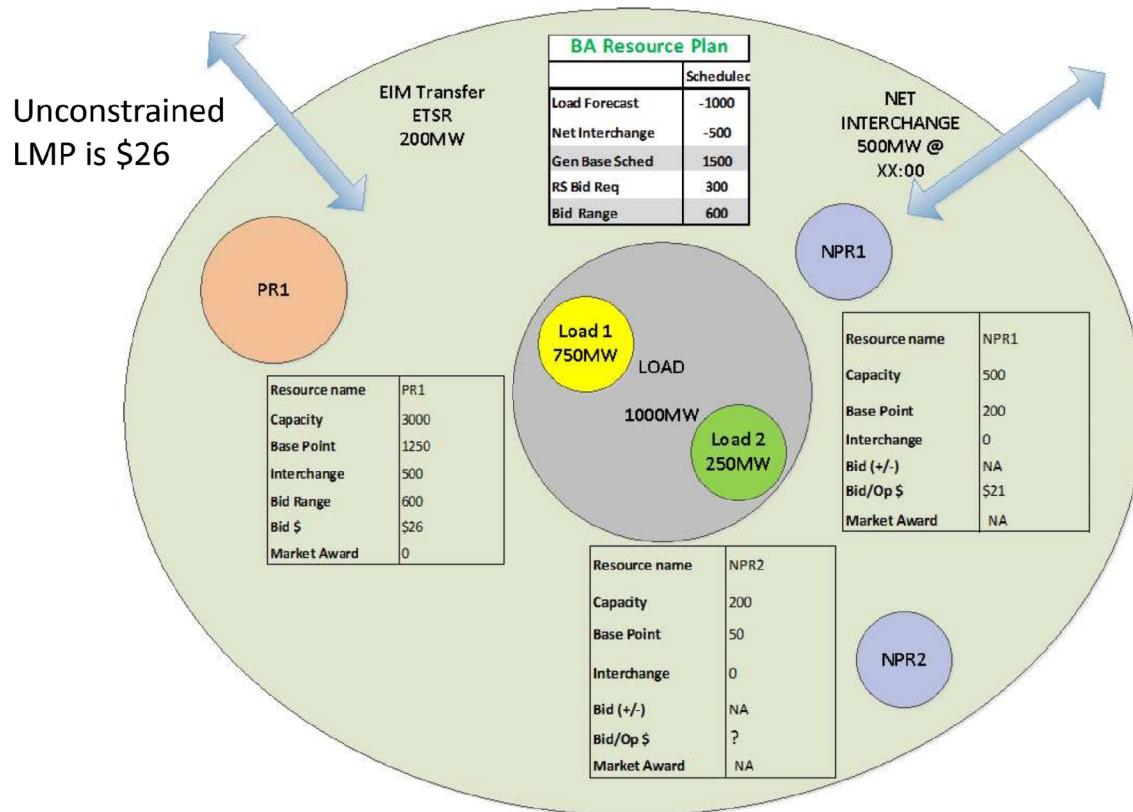
At 13:50, input Parameters are locked for HE16, process repeats while **HE15** is finalized



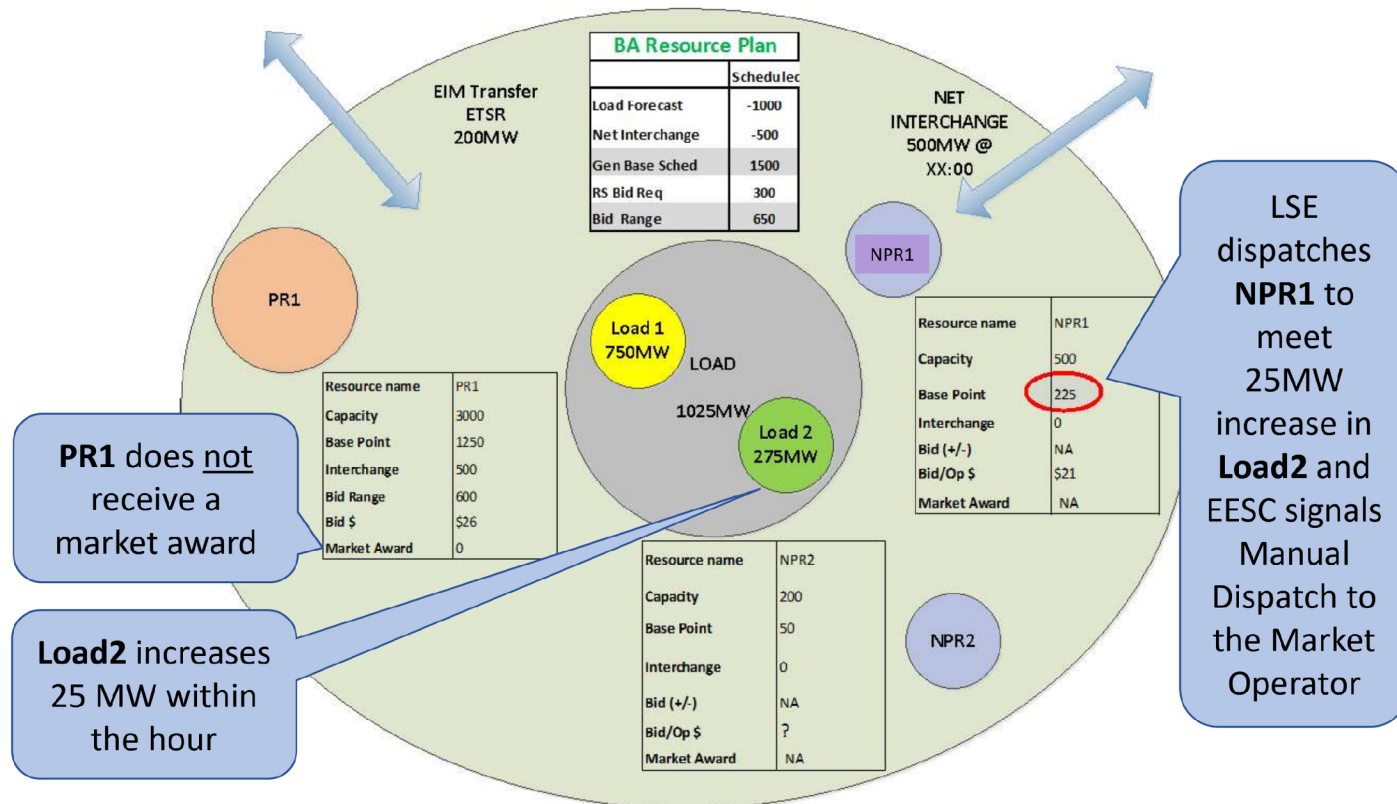
# Structured Scenarios

- Today's scenarios are a simple example of a BAA customer dispatching resources to meet changes in load
- The scenarios address several variations
  - Scenario 2.A: Non-Participating Resource *with* Manual Dispatch provided to the market
  - Scenario 2.B: LSE's Participating Resource dispatches economically
  - Scenario 2.C: LSE Participating Resource and 3<sup>rd</sup> Party dispatches economically

# 2.A – Non-Participating Resource With Manual Dispatch – Entering OH



# 2.A – Non-Participating Resource w/ Manual Dispatch – w/in Hour Change



# 2.A – Settlements

**NPR1** moves to meet change in load...

64600

RTD (5 min)

...creating (mostly) Instructed Imbalance Energy

64700

64750

RTD (5 min)

Metered Actuals

RTD LMP

RTD IIE

RTD UIE

## NPR1

Base	200												÷ 4
	-												
FMM RTUC (15 min)	200	200	200	200									
	X												
FMM LMP	\$26	\$26	\$26	\$26									
	=												
FMM IIE	\$0	\$0	\$0	\$0									÷ 12
	-												
RTD (5 min)	200	200	200	200	225	225	225	225	225	225	225	225	
	-												
Metered Actuals	200	200	200	220	225	225	225	225	225	225	225	225	
	X												
RTD LMP	\$26	\$26	\$26	\$26	\$26	\$26	\$26	\$26	\$26	\$26	\$26	\$26	
	=												
RTD IIE	\$0	\$0	\$0	\$0	(\$54)	(\$54)	(\$54)	(\$54)	(\$54)	(\$54)	(\$54)	(\$54)	
	-												
RTD UIE	\$0	\$0	\$0	(\$43)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	



# 2.A – Settlements Continued

**PR1 is not dispatched in the market solution...  
...because a Manual Dispatch was submitted to the Market Operator for NPR1's deviation from its Base Schedule**

## PR1

Base	1250												÷ 4
	-												
FMM RTUC (15 min)	1250	1250	1250	1250									
	x												
FMM LMP	\$26	\$26	\$26	\$26									÷ 12
	=												
FMM IIE	\$0	\$0	\$0	\$0									
	-												
RTD (5 min)	1250	1250	1250	1250	1250	1250	1250	1250	1250	1250	1250	1250	
	-												
Metered Actuals	1250	1250	1250	1250	1250	1250	1250	1250	1250	1250	1250	1250	
	x												
RTD LMP	\$26	\$26	\$26	\$26	\$26	\$26	\$26	\$26	\$26	\$26	\$26	\$26	
	=												
RTD IIE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
RTD UIE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	



## 2.A – Settlements Continued

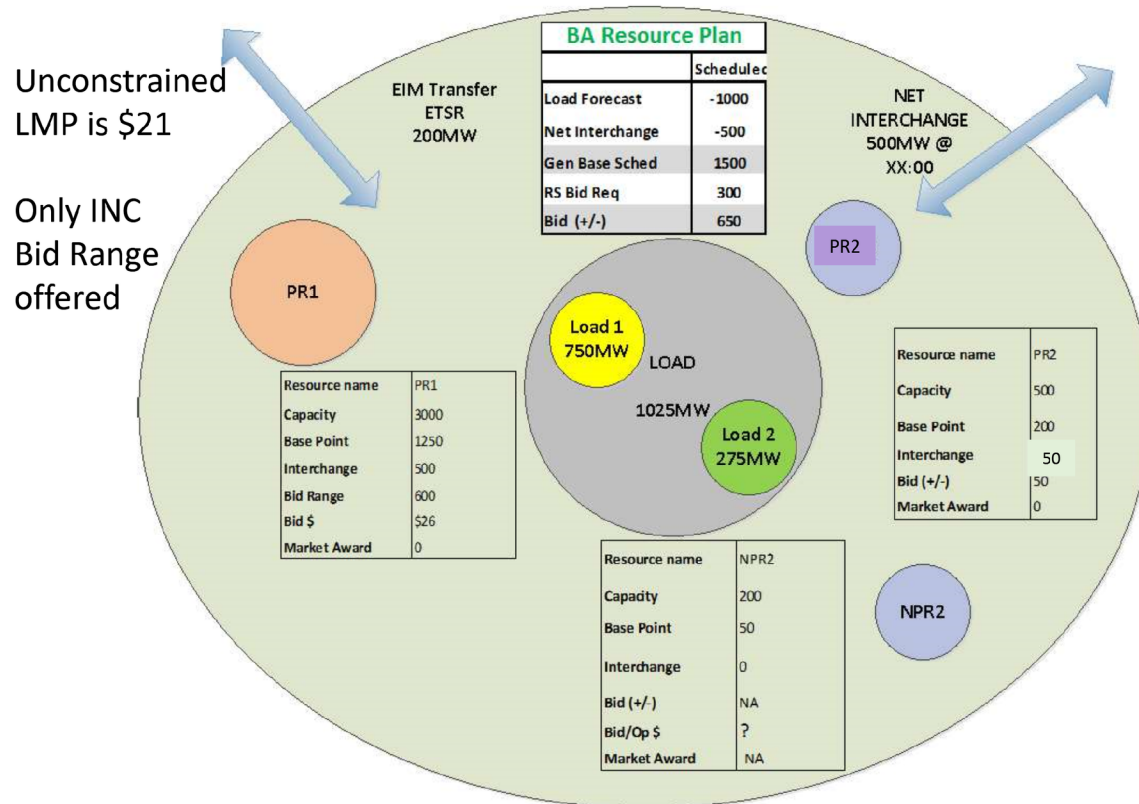
<b>Load</b>													
Hourly Load Base Schedule	1000												
Submitted Hourly Load Value	1018												
5-min Load Base Schedule	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	
	-												÷ 12
5 min Load "Metered Actuals"	1018	1018	1018	1018	1018	1018	1018	1018	1018	1018	1018	1018	
	X												
LAP	\$26.00	\$26.00	\$26.00	\$26.00	\$26.00	\$26.00	\$26.00	\$26.00	\$26.00	\$26.00	\$26.00	\$26.00	x (-1)
	=												
RTD UIE	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	

## 2.A – Conclusion

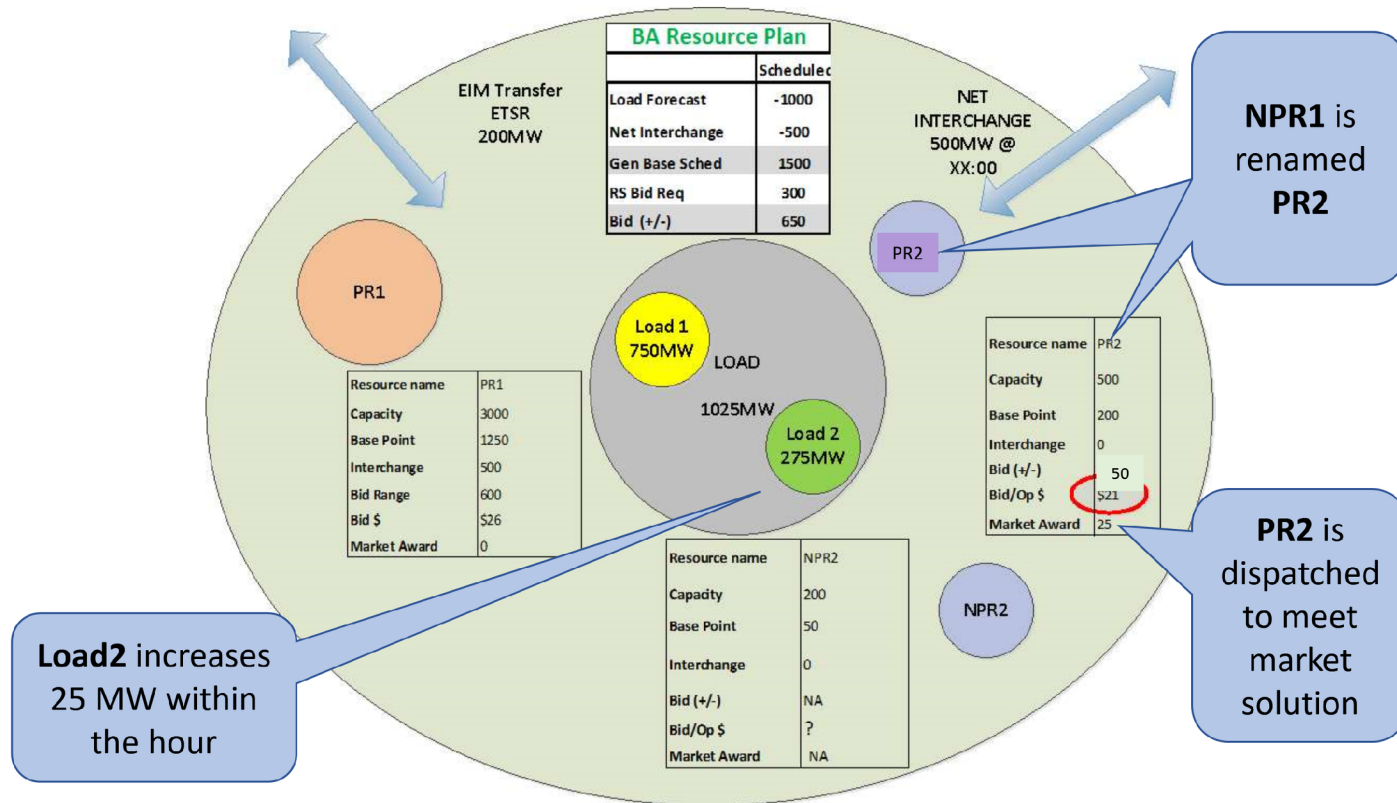
- Only **NPR1** was dispatched because the EESC communicated a Manual Dispatch to the MO
- NPR1 “spent” \$385 (using same \$21 per MWh Bid/Op cost) to respond to its change in load
- LSE will incur a portion of the costs below:

Total Load	Total BA Gen	Net Leaving	Net Net
\$477	(\$477)	\$0	\$0

# 2.B – LSE Participating Resource Economic Dispatch – Entering OH



# 2.B – LSE Participating Resource Economic Dispatch – w/in Hour Change



# 2.B – Settlements

PR2 is dispatched in the market solution...  
...because it was the least cost participating resource

**PR2**

Base	200												÷ 4
	-												
FMM RTUC (15 min)	200	200	200	200									
	X												
FMM LMP	\$21	\$21	\$21	\$21									
	=												
64600 FMM IIE	\$0	\$0	\$0	\$0									÷ 12
	-												
RTD (5 min)	200	200	200	200	225	225	225	225	225	225	225	225	
	-												
Metered Actuals	200	200	200	220	225	225	225	225	225	225	225	225	
	X												
RTD LMP	\$21	\$21	\$21	\$21	\$21	\$21	\$21	\$21	\$21	\$21	\$21	\$21	
	=												
64700 RTD IIE	\$0	\$0	\$0	\$0	(\$44)	(\$44)	(\$44)	(\$44)	(\$44)	(\$44)	(\$44)	(\$44)	
64750 RTD UIE	\$0	\$0	\$0	(\$35)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

# 2.B – Settlements Continued

## PR1

	Base	1250												÷ 4
		-												
	FMM RTUC (15 min)	1250	1250	1250	1250									
		X												
	FMM LMP	\$21	\$21	\$21	\$21									
		=												
64600	FMM IIE	\$0	\$0	\$0	\$0									÷ 12
		-												
	RTD (5 min)	1250	1250	1250	1250	1250	1250	1250	1250	1250	1250	1250	1250	
		-												
	Metered Actuals	1250	1250	1250	1250	1250	1250	1250	1250	1250	1250	1250	1250	
		X												
	RTD LMP	\$21	\$21	\$21	\$21	\$21	\$21	\$21	\$21	\$21	\$21	\$21	\$21	
		=												
64700	RTD IIE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
64750	RTD UIE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

**PR1 is not dispatched in the market solution.**

## 2.B – Settlements Continued

<b>Load</b>	
Hourly Load Base Schedule	1000
Submitted Hourly Load Value	1018
5-min Load Base Schedule	1000 1000 1000 1000 1000 1000 1000 1000 1000 1000 1000 1000
	-
5 min Load "Metered Actuals"	1018 1018 1018 1018 1018 1018 1018 1018 1018 1018 1018 1018
	x
LAP	\$21.00 \$21.00 \$21.00 \$21.00 \$21.00 \$21.00 \$21.00 \$21.00 \$21.00 \$21.00 \$21.00 \$21.00
	=
RTD UIE	\$32 \$32 \$32 \$32 \$32 \$32 \$32 \$32 \$32 \$32 \$32 \$32

÷ 12  
 x (-1)

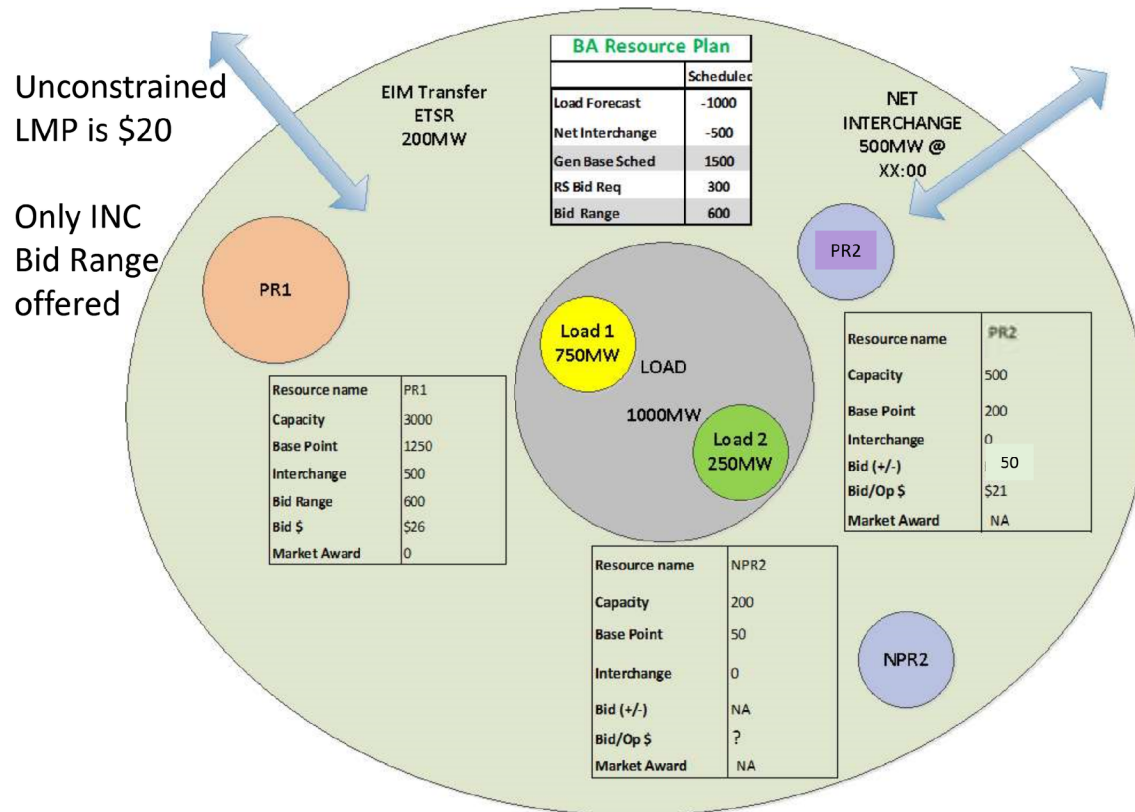
## 2.B – Conclusions

- Same efficient dispatch
- Price for imbalance set by **PR2**, which was lower than PR1
- NPR1 “spent” \$385 (using same \$21 per MWh Bid/Op cost) to respond to its change in load
- LSE will incur a portion of the costs below but will also be compensated for it’s dispatch:

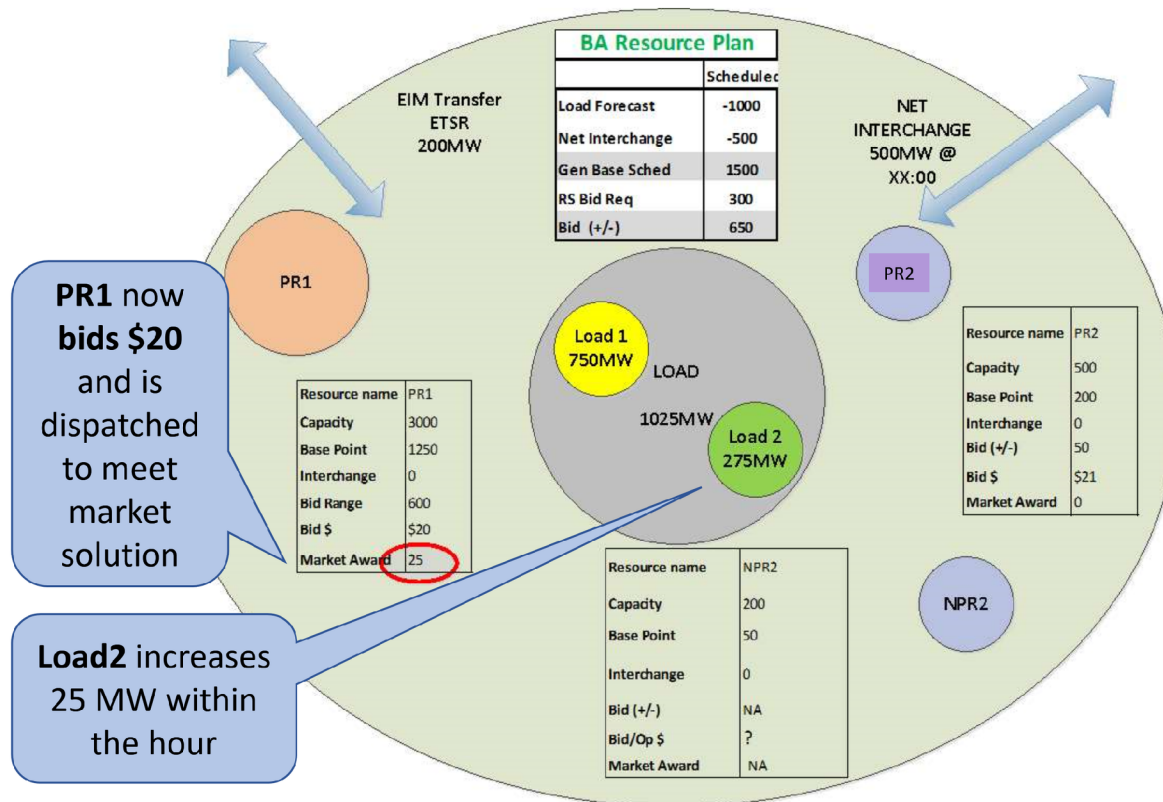
Total Load	Total BA Gen	Total PR Gen	Net Leaving	Net Net
\$385	(\$385)	\$0	(\$385)	\$0



# 2.C – LSE Participating Resource and 3<sup>rd</sup> Party Economic Dispatch



# 2.C – LSE Participating Resource and 3<sup>rd</sup> Party Economic Dispatch



# 2.C – Settlements

## PR2

Base	200												÷ 4
	-												
FMM RTUC (15 min)	200	200	200	200									
	X												
FMM LMP	\$20	\$20	\$20	\$20									
	=												
64600 FMM IIE	\$0	\$0	\$0	\$0									÷ 12
	-												
RTD (5 min)	200	200	200	200	200	200	200	200	200	200	200	200	
	-												
Metered Actuals	200	200	200	200	200	200	200	200	200	200	200	200	
	X												
RTD LMP	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	
	=												
64700 RTD IIE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
64750 RTD UIE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

PR2 is not dispatched in the market solution.

# 2.C – Settlements Continued

## PR1

Base	1250												÷ 4
	-												
FMM RTUC (15 min)	1250	1250	1250	1250									
	X												
FMM LMP	\$20	\$20	\$20	\$20									
	=												÷ 12
64600 FMM IIE	\$0	\$0	\$0	\$0									
	-												
RTD (5 min)	1250	1250	1250	1250	1275	1275	1275	1275	1275	1275	1275	1275	
	-												
Metered Actuals	1250	1250	1250	1270	1275	1275	1275	1275	1275	1275	1275	1275	
	X												
RTD LMP	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	
	=												
64700 RTD IIE	\$0	\$0	\$0	\$0	(\$42)	(\$42)	(\$42)	(\$42)	(\$42)	(\$42)	(\$42)	(\$42)	
64750 RTD UIE	\$0	\$0	\$0	(\$33)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

PR1 is dispatched in the market solution...

...because it was the least cost participating resource

# 2.C – Settlements Continued

<b>Load</b>													
Hourly Load Base Schedule	1000												
Submitted Hourly Load Value	1018												
5-min Load Base Schedule	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	÷ 12
5 min Load "Metered Actuals"	1018	1018	1018	1018	1018	1018	1018	1018	1018	1018	1018	1018	
	-												
	X												
LAP	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	x (-1)
	=												
RTD UIE	\$31	\$31	\$31	\$31	\$31	\$31	\$31	\$31	\$31	\$31	\$31	\$31	

## 2.C – Conclusions

- More efficient dispatch
- Price for imbalance set by **PR1**, which was lower than PR2
- LSE saves cost of dispatching its own resource
- LSE will incur a portion of the costs below:

Total Load	Total BA Gen	Total PR Gen	Net Leaving	Net Net
\$367	\$0	(\$367)	\$0	\$0

From: Kruse,Pontip K (BPA) - PSE-MEAD-GOB

Sent: Wed Jun 17 14:45:53 2020

To: Kruse,Pontip K (BPA) - PSE-MEAD-GOB

Subject: Update: Post 2028 and Expedited Rate Case to Suspend the Financial Reserves Policy Surcharge

Importance: Normal

Attachments: image001.jpg; image002.jpg; image003.jpg; image004.jpg; image005.jpg; image006.jpg

Hello All, a couple more items to share with you this week.

Also, I will be taking the rest of this week off to enjoy the sunshine but will periodically check my email and phone. If anything urgent comes up, please do not hesitate to reach out.

Stay safe and healthy.

Pontip

-

**Post-2028 status update:**

We have extended the customer engagement phase through August. I am hopeful that we may be able to resume

face-to-face meetings, but recognize we may need to hold the remainder of the post-2028 conversations over the phone. I will reach out in the next month to schedule a call or in-person meeting with you.

In addition, BPA has started to develop educational materials that reintroduce foundational concepts of Power Services and the Regional Dialogue contracts. One-page fact sheets that will be completed soon include The Residential Exchange Program (REP) and REP Settlement, The History of Transfer service, the Regional Dialogue products (Load Following, Slice/Block, and Block), New Large Single Loads, and an introduction to the Low Density Discount and Irrigation Rate Discount programs. Additional one-page fact sheets are currently being drafted. BPA is hopeful we will have the first set of educational materials to share with customers soon. Please let me know if you have interests in receiving the educational materials.

BPA also plans to create and share a summary document with customers this fall. Due to the uncertainties surrounding the response to COVID, how BPA will roll out the summary document will be dependent on conditions at time of release. There are no anticipated changes to the overall Post-2028 project timeline. BPA still anticipates releasing a concept paper in late 2021.

**Expedited Rate Case to Suspend the Financial Reserves Policy Surcharge:**

BPA will initiate an expedited rate case to suspend the Financial Reserves Policy Surcharge for the remainder of the FY 2020-2021 rate period. The commencement of the BP-20E Rate Case will be announced in a notice published in the Federal Register (anticipated June 22, 2020).

BPA has posted an advance copy of the Federal Register Notice (FRN) and the draft testimony of Daniel Fisher



and Rebecca Fredrickson, which forms BPA's initial proposal, on the [BP-20E](#) website.

Upon publication of the FRN in the Federal Register (anticipated on June 22, 2020), *ex parte* rules will be in effect throughout the duration of the proceeding. BPA's [Rules of Procedure](#) prohibit *ex parte* communications during the BP-20E proceeding. A letter discussing the *ex parte* rules will be posted on the [BP-20E](#) website upon publication of the FRN.

A Tech Forum email will also be sent today which will include information on the Federal Register Notice, *ex parte* rules, the prehearing conference, scheduling conference (if needed), and secure website training. (See Near-term Schedule, below.)

### **Near-term Schedule**

June 15, 2020

- Release of advance copies of Federal Register Notice and Draft Initial Proposal
- BP-20E Secure Rate Case website activated to permit early submittal of interventions

June 19, 2020

10:00 a.m.

Secure Website Training

June 22, 2020 (anticipated date)

- Federal Register Published
- Intervention Period Begins
- *Ex Parte* begins

June 24, 2020

4:30 pm

Deadline for Petitions to Intervene (including Objections to Proposal and/or Schedule)

June 25, 2020

i) 9:00 am

ii) 1:00 pm

i) *Scheduling Conference [if needed]*

ii) Prehearing Conference

June 26, 2020

Participant comment period closes

June 29, 2020

Record of Decision Issued

June 30, 2020

File with FERC

**Pontip Kruse**

Power Account Executive|Spokane Office|[bpa.gov](http://bpa.gov)

**Bonneville Power Administration**

Office: 509.822.4597 | Mobile: (b)(6)

**From:** John Francisco

**Sent:** Fri Jun 19 08:46:02 2020

**To:** Schimmels,Nancy M (BPA) - PSE-MEAD-GOB

**Subject:** [EXTERNAL] Post 2028 Principles

**Importance:** Normal

**Attachments:** Post28 principles\_final.pdf

## **NRU's Principles to Guide Initial Post-2028 BPA Contract Discussions**

*These principles are presented as a package and, as such, are in no particular order.*

- BPA must maximize the value of the federal system for the benefit of its preference customers.
- It is essential for BPA to control costs while delivering safe and reliable power to preference customers.
- The post-2028 contract and rate structure must allow preference customers to be responsive to changes in market conditions, regulatory conditions and the needs of end-users. This includes the ability to easily and cost-effectively use non-federal resources, including distributed energy resources.
- The power products, contract structure and duration, and rate designs must balance the needs for stability, certainty, flexibility and optionality for preference customers.
- Power products must include the allocation of environmental attributes of the federal system to preference customers.
- BPA must provide equivalent treatment to both directly-connected preference customers and preference customers served by transfer.
- Irrigation rate mitigation and the Low Density Discount must be retained as essential components of any power product and corresponding rate design.
- Any rate shock resulting from a shift to a new contract or rate structure must be avoided or mitigated.

## Themes for Post-2028 Big Bend

- **Products and Services –**
  - Plan to stay with a load following type product, understand a lot of people involved in making it work, like the ease of the product. Don't have to think about it. Like that the scheduling is done on their behalf, EIM is showing the value of BPA managing the power.
  - Having a better understanding of how load shifts work so that it doesn't impact BPA, BBEC is direct connect and transfer. Being both has been a little confusing because when they shift load they did not realize they are causing problems for BPA
  - Wouldn't mind a more simplified bill. Load shaping, demand, etc. The rate case frequency adds to confusion
  - Would like flexibility with adding non-federal resources, add more resources, and keep CHWM
  - Not so strict with resource requirements, up and down with 1MW at a time. Keep option of adding generating resources for CETA purposes. Simplify RSS requirements.
  
- **FCRPS Allocation and Rate Structure -**
  - Like tiered rates, like simplicity of melded, but understand the need for tiered rates
  - The diversity of customers' load needs point to tiered rates
  
- **Rate Case Frequency-**
  - Allocation of Tier 1 power longer (longer time with RHWM, etc). With resource flexibility
  - Keep two year cycle on rates due to changes in industry
  
- **Contract Term –**
  - 20 year is good because it is stable and helps BPA
  - Off-ramps not to leave BPA, but off-ramps to make adjustments
  
- **Cost control, competitiveness and Public Benefits –**
  - Irrigation rate discount is a must have. It is 50-60% of BBEC sales. It is vital/essential to their business
  - Low Density Discount is also extremely important to BBEC.
  - Including discounts is one of BBEC's biggest concerns for the post 2028 contracts. It is included in the statute and is a must have.

- **Carbon Free Products –**
  - Make sure Olympia understands that BPA is carbon free. Keep current fuel mix unless CETA requires greener resources for BPA
  - CETA is a huge concern for Washington utilities, has to be 100% carbon free in 2045.
  - Would like BPA fuel mix to meet first part of CETA requirements (before 2045)
  
- **Top Concerns –**
  - Keep costs low for irrigators so they can go to grocery store. BBEC mainly serves farmers and it is important to keep power costs low for them.
  - Some residential growth, but it is all intertwined with agriculture as most jobs are ag related
  - How reliant BBEC is on transfer service. It is essential for getting power from BPA. Would like to continue to have consistent, reliable, Transfer Service .
  - Do not want Transfer Service costs directly assigned, please keep it melded. Would like to be treated like a direct connect. Have had issues with some Transfer providers and not others. Try to minimize Transfer provider issues.

#### **Thoughts from NRU principal's**

BPA must maximize the value of the federal system for the benefit of its preference customers.

- All this talk with EIM and RA workshops happening now, be careful in how designs are done to avoid cost shifting. Explain clearly how BBEC's actions affect everyone so they can minimize these actions if needed. Could be both positive or negative impacts
- Makes sure the people working on these efforts (EIM, etc), the 'in the weeds people' know that at the end of the day it is the preference customers that should be the main focus. BBEC thinks both BPA and Co-op's only exist because of its customers/members. Keep that in mind and we will have a win-win.
- If EIM/RA is designed right, we can maximize the value

The post-2028 contract and rate structure must allow preference customers to be responsive to changes in market conditions, regulatory conditions and the needs of end-users. This includes the ability to easily and cost-effectively use non-federal resources, including distributed energy resources.

- Would like flexibility to have a longer fixed RHWM, but be able to incorporate small generation to comply with CETA if needed. Do not want to give up right to Tier 1 by adding small gen.
- Have a ton of variability in BBEC load due to irrigation. BBEC would like to meet that variability with no hassle requirements for non-fed integration if CETA requires additional green non-fed.

## Themes for Post-2028 Klickitat PUD

- **Products and Services –**
  - How will the CHWM be determined in the future? Is rolling over the current methodology a good idea? Maybe a complete a CHWM reset, loads have changed so much. For KPUD, reset option makes the most sense because of growing loads.
  - People are realizing the value of BPA, KPUD would like as much Tier 1 load as possible and a reset would help.
  - Does critical water still makes sense? Maybe some sort of rolling average? Would like to see more realistic than pessimistic approach to Tier 1 System.
  - Don't know what is right or wrong, but keeping existing contract holders for preference power at front of line. Worried about mid-c customers coming to eat up all power. Possible to do something like this?
  - Only customer that has been both LF and Slice. KPUD wants stable, predictable, cost effective, and reliable power. LF product gives them that. Might not always be the cheapest, but reliable.
  - Not excited about trying to manage its own resources to meet load, struggling with the idea of going back to Slice.
  - If Tier 2 was more competitive, KPUD would take everything from BPA.
  - Would like more non-fed flexibility, less hoops to jump through with non-fed application. Could help the region with more non-fed flexibility. Under Slice you can do this, under LF you much more difficult. Anyway to make a product in the middle?
  
- **FCRPS Allocation and Rate Structure -**
  - KPUD does not have any obvious issues with TRM, the only thing in question is the demand charge calculation. Maybe there could be a CDQ reset if we keep the design of the demand charge, as loads have changed.
  - The way demand is calculated now, like that it is based on individual customer peaks and the option to shave the peak if needed.
  
- **Rate Case Frequency-**
  - KPUD thinks two years makes sense. BPA needs to recover its costs, if we waited 5 years and costs changed based on inaccurate forecasts, there would be a very large swing in rates.
  - Every year would be annoying, every 5 years is too risky, 2 years seems to make sense
  
- **Contract Term –**
  - Everything in this industry seems to be 20 years. Not afraid of a 20 year contract
  - Have heard customers say they want off-ramps, but KPUD does not know what they are looking for or what it would look like



- **Cost control, competitiveness and Public Benefits –**
  - These benefits are important to KPUD. KPUD use both and it has been a way to keep costs low for irrigators. Big economic benefits have come to the area from recipients of IRD
  - Huge county, spread out, LDD is needed
  - Strong support of keeping the LDD/IRD benefits
  
- **Carbon Free Products –**
  - Yes, please. Like BPA fuel mix, might take Tier 2 in the future to meet carbon issues.
  - It's an issue for customers that are way above their HWMs, BPA is more desirable, and would like to continue with BPA fuel mix
  
- **Top Concerns –**
  - There has been a lot of pressure to keep costs down, as a result there could be a snowball of unspent capital to keep system in good shape. All utilities have to raise rates for capital. Make sure we are covering our fixed costs as needed.
  - What is the best business model for BPA, maybe forego some upside to have exposure to down side in regards to secondary market. Sometimes it seems like BPA is too handcuffed in the risk area. Would like to lock in more certainty in markets.
  - Will there be too much pressure in EIM? Maybe first look at in region needs, put customers first before getting into out of region sales. Do you really want to be tied to California that closely?
  - KPUD needs to get on the smart meter train, need better data to know when peaks are happening, and get individual customer data.
  - KPUD does not have capacity needs if they continue to be an LF customer. It is great to have it served by BPA fuel mix.
  - As loads continue to grow, and KPUD's share of Tier 1 continues at same level or goes down, that is a big concern.
  - Has heard that customers appreciate BPA taking care of EE funding/reporting, other customers want to do it on their own (take BPA out of the equation). KPUD is neutral. With changes in legislation and clean energy might make customers more interested in controlling their own EE programs.
  
- **Other thoughts:** Do not know what the plan is for NRU group to communicate with BPA, but the team is a well grounded bunch of folks. Would be a good source for BPA to check-in with.

## Post 2028 Franklin PUD/TEA/BPA Slice Product Discussion

Brian Johnson (Franklin) – Power team risk mitigation  
Richard Sargent (Franklin)- senior power analyst  
Holly Dohrman (Franklin)- assistant GM  
Ed Mount (TEA) – Director of power supply planning operations/manage slice/

### BPA

Russ Mantifel- slice manager, been at BPA 10 years, lead for EIM policy  
Ted Barham- slice group subject matter expert (been in slice for 19 years)  
Kyle Cisco- slice group analyst  
Kevin Farleigh- policy lead for post-2028 contracts  
Farah Mohamoud- coordinator for post-2028 contracts  
Lindsay Bleifuss- Franklin's Power AE

Kevin: in the middle of customer engagement. Hear thoughts, interests, and feelings. Appreciate the engagement

Brian- Really appreciate meeting, want flexible ways to benefit both slice customers/BPA. Want Slice to stick around and have optionality for more slice through one option or another. Separate from the tier 2 product, interested in a slice level 2 product. Bid in for a second level. Benefits BPA so that not out in the market, puts risk on customers instead of BPA.

Like the idea of having the critical slice and block, and then have the option to reshuffle the deck for TOCAs- changes in load growth. Move slice around from folks that need it and folks that don't. Maybe BPA would have additional slice they would want to sell customers (perhaps on a 4 year basis).

Rich- have something similar to what we have now. System based on critical water, but as rate periods happen see what surplus is available

Ed- Have base amount (current slice/block product) and then have optional amounts would still operate the same way. Operationally level 2 slice would operate the same, same systems that administer the product. It could potentially just be transfer of slice percent from one customer to another on a rate period basis or shorter term basis.

Rich- see RSO test move and swing, can we move away from the monthly RSO test? BPA can still follow us on a monthly basis, but maybe not make it so confining.

Ted- question for Ed, are you proposing the slice move up and down instead of block? Block stays constant?

Ed- in theory yes. Idea 1- In terms of allocation, have a base slice percentage, and then as customers don't need their share of slice (due to load drop) instead of dropping block, move part of their slice to another customer. In essence you would be adjusting Slice and not block. Slice becomes the shock absorber. Idea 2- increasing slice percentage, but not an increase in base pool. It should be more of a

secondary sale. Sell a portion above critical, maybe just for a season (categorized as a secondary sale). The customers then take on that risk. Whatever the system generates, it generates. BPA still gets paid and customer takes on risk.

Idea 1, would be the same overall concept (fixed percentage and dollar amount). Idea 2, would have to be priced differently. Could not be based on tier 1 costs. Whatever it is would also be a fixed dollar amount.

Idea 2, would have to be categorized as a secondary sale. Would not be a PF sale.

Russ- check with attorneys. Looks like it would be a secondary sale, would have to check with statute.

Ed- when you talk about just base slice product, allow customers to choose percentage of slice and block. Right now it's 50/50 because BPA required that, but customers would like more flexibility in choosing their split. Possibly give preference to existing Slice customers. BPA would be assured that they are giving risk to customers that are experienced in taking on this type of risk.

Russ- is this representative of all slice customers?

Brian- I have talked to 3 or 4 other slice customers, they are very interested, actually wanted to join this call. I know slice customers are aware of this because it was put out during a slice meeting. Positive reception. It has not been an official topic at a slice meeting though.

Ed- this is mainly TEA slice customers. We have thrown out ideas to full group, but not this particular concept specifically.

Brian- I have a belief that over the next 20 years, your customers will be pretty receptive to this concept. I believe.

Russ- good to know, appreciate the conversation.

Kevin- sounds like slice in current form is working okay. Obviously exploring increases in slice, optionality within rate periods, customers transferring slice amounts, and if there is a win-win for BPA. Stepping back, one of the fundamental questions- do we offer slice. Sounds like yes, it is working well. Appreciate the feedback and thinking around this.

Brian- supersizing the products

Rich- maybe simplify? Operate with 3 dams instead of all? Maybe that doesn't work. But maybe it is beneficial for everyone to try and simplify.

Ed- you've got a group of slice customers that want the current slice product to be offered, but focus on what we need to do to make it better. Do not start over, build on what we have. Ability to manage the risk, benefit for both utility and BPA.

Ted- piece of feedback. One of major concerns is the load uncertainty. If there are things we can do to minimize load uncertainty that would be helpful.

Ed- in return you have load uncertainty, but you have revenue uncertainty. The uncertainty is in the bounds of the federal system which BPA knows.

Russ- hearing what you think provides value. Gives us a starting place. Good to know

Brian- the reason we pushed hard for TEA on the phone is that we strongly viewed this as a mutually beneficial option. Needed operations side of the house to explain in the same terms. Open to talking about this further in SIG meetings

Kevin- suspect this will not be our last conversation about this. Bring this back internally. Reiterate that slice can create load uncertainty from BPA perspective, in terms of adding additional slice, keep in minds for adding ideas to operationally limit uncertainty. Timelines, things that would help offset uncertainty.

Ed- we have thought about that. We do recognize that if we better understand BPA's uncertainty concern, if we make adjustments to the product we need to make it work better for both BPA/customer.

Kevin- we have a month to wrap up these post-2028 convos and then will report out what we heard. Maybe sometime after that it would appropriate to take this to the SIG.

Brian- Please reach out to TEA on Franklin's behalf for any operational details or to get questions answered.

Ed- an interim thing to consider, if BPA wants, TEA clients can have a broader discussion before going to the SIG.

Russ- I could see that being helpful. Got to do work internally. Temperature check on this idea.

## POST-2028 Discussion with Emerald PUD (using survey in December 2019)

### *General notes*

- EPUD plans to do at least .5 aMW of energy savings each year going forward. EPUD is trying to flatten loads and keep energy down. In the middle of redoing EPUD's strategic plan
- EPUD wants to take on as much as possible for energy efficiency. Could do a lot more than the current TOCA based system BPA uses.
- Post 2028, the TOCA based EEI needs to be removed. BPA needs to look at how many small customers are actually using their entire budget.
- TEA is providing data scientists to analyze EE savings.
- EPUD not as interested in DR. Will track peaks with EE and rates and use it to flatten load.
- EPUD wants rate certainty from BPA, either no CRACs or off-ramps
- Wants Block flexibility
- Contain financial constraints to control costs, and hold rates steady for at least 5 years
- If you get rid of IRD, LDD, and EEI. What would the rate increase be to small customers? Do the math.

### *Survey responses*

**2. In the recent Customer Satisfaction Survey Bonneville sent to preference customers, 90% of respondents said they were “satisfied with [their] current power product(s)”. Bonneville interprets this information as customers generally feel that the Regional Dialogue contracts and tiered rates are working well. What is your opinion?**

- Local control, EPUD better at hedging than BPA, may not be worth slice complexity.

**3. \*Please note that the following three questions all relate to offering the same products and services post-2028, with tiered rates, as are offered under today's Regional Dialogue contracts.**

**By law, Bonneville cannot have contracts longer than a 20-year term and therefore must offer new contracts. Should Bonneville offer new contracts post-2028 that provide the same products, services, and tiered rate construct as provided under the Regional Dialogue power sales contract?**

- Don't like 2 year rate cycles and chances of CRAC. Maybe different rate cycles by product type? Put slicers in longer rate periods.
- Shorter contracts means price certainty, it will be put on BPA to control costs.

**8. Given Bonneville's strategic emphasis on competitiveness and cost control, which of the following foundational principles of Regional Dialogue do you think remain valid post-2028 and are important to your utility to carry forward? Check all that apply.**

- Who wouldn't want a legal contract?
- Tiered rates still make sense. What would be grandfathered into next contracts?
- Do not like contract duration

**10. Should Bonneville offer a Slice product post-2028?**

- Possibly no. If there is a flexible block product may not need slice. It will be hard to get agreement between slicers. Maybe meet with individual slicers and try to draft a flexible block product that would work for everyone.

**13. Question for current Slice/Block customers only: Could the right Block with shaping product make you indifferent to the removal of the Slice product?**

- Absolutely, with loss restrictions. Also allow the ability to remarket.

**14. Do you think Bonneville should retain the tiered rate structure post-2028?**

- Fine with TRM

**15. If Bonneville does NOT re-offer the same products, services and rate structure as under the Regional Dialogue contract (whether with or without changes) what contract term length would be ideal post-2028? Please add specificity in the comment box below.**

- Depends on what's in the contract. Rate case length? Will there be off-ramps?

**16. For your business, what is the optimal frequency of rate cases? (Please note the maximum is every 5 years.)**

- 5 year term. 5 year rate case

**17. Post-2028, should Bonneville continue to offer a self-funded energy efficiency option?**

- 100% self-funding. If EPUD leaves BPA, there is no hook on EPUD for energy efficiency.
- Big customers are doing almost all the conservation.
- EEI is suboptimal for economic decisions

**19. In the next contract period do you think that secondary sales revenue should be:**

- Works well with block product. You will have to work out load following.

**21. Bonneville has a statutory requirement to provide a Low Density Discount. Should and/or how could Bonneville pursue changes, as allowed, to modify criteria and calculation of the Low Density Discount benefit?**

- Do the math. EPUD says, if the math works out, go ahead and pull it even though they will lose one million dollars

**22. Are there provisions of the Northwest Power Act that you believe the region should work to change or update?**

- Don't touch

**23. Are you satisfied with the Residential Exchange Program Settlement Agreement?**

- Do the math.

**24. Should the region consider pursuing another settlement agreement for the Residential Exchange Program?**

- You'll end up in court anyway, don't bother

**25. Post-2028, should Bonneville consider offering a bundled power and transmission product at a melded (not tiered) rate that recovers both power and transmission costs?**

- Not a ton of benefit

**27. What is your utility's position on nuclear energy (a baseload carbon-free resource)?**

- \$55 is too high. Board would be split on the decision if it wants the resource vs the cost. EPUD is not net billing. For example, SCL says they are out for CGS, how will we reallocate the power/cost?

**28. Please rank the top three elements/features in order of those that are most critical to your utility's decision to make Bonneville your provider of choice post-2028. [Displayed as three separate drop-down boxes for priority 1, 2, 3. Comment box available to add priority(ies) that aren't listed.]**

- Cost control, carbon free power, full self-funding for conservation.

From: Berg, Anna

Sent: Thu Jul 09 14:28:37 2020

To: Perry, Marcus I (BPA) - PSW-SEATTLE

Subject: [EXTERNAL] RE: Meeting Topics

Importance: Normal

Attachments: image001.jpg; image002.jpg; image003.jpg; image004.jpg; image005.jpg; image006.jpg

Hey thanks Marcus. Jason returns to the office next week July 14 and our internal team has met 3 times to identify some key talking points that he and John will be briefed on regarding the existing and post 2028 power contract thoughts. We have some good ones and once I share them with Jason/John I will share out to you and Kim. There are no surprises, but some good info I think you'll appreciate. Overall positive.

Thanks again,

Anna

**From:** Perry, Marcus I (BPA) - PSW-SEATTLE <miperry@bpa.gov>

**Sent:** Thursday, July 9, 2020 1:33 PM

**To:** Berg, Anna <AJBerg@snopud.com>

**Cc:** Zyskowski, Jason <JAZyskowski@SNOPUD.com>

**Subject:** Meeting Topics



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Hi Anna,

A couple notes in preparation for next week.

I've attached the CIA Stage Gate process. I understand Jeff or Tina *may* talk from this in real time during the Capital Asset Management agenda item, so I wanted to get it to you in advance.

On the power side of the agenda, these are some general leading questions that Kim Thompson is likely going to weave in the conversation with respect to Post 2028.

- *What are the top 2-3 contract (or product/service) features you value most in your current RD contract?*
- *What are the top 3-4 contract (or product/service) features you would most want to change in your current RD contract?*
- *What are the most important topics, issues, policies or design elements for BPA to tackle in formulating the post-2028 contract approach?*

Marcus Perry

**Marcus Perry**

Account Executive | Power Services

**Bonneville Power Administration**

[miperry@bpa.gov](mailto:miperry@bpa.gov) | P 206-220-6779 | C (b)(6)

**From:** Garrett,Paul D (BPA) - PSS-6

**Sent:** Tue Jul 14 14:07:31 2020

**To:** 'Fritz, Brian'; Ellsworth, Jared

**Cc:** Kitali,Salah H (BPA) - TP-DITT-2; Cook,Jeffrey W (BPA) - TP-DITT-2; Adelman, Ryan; Colburn, Mitch; Vail, Richard; Hoerner, Joseph; Thompson, Kim T (BPA) - PS-6

**Subject:** RE: Updated Slides for BPA's Customers

**Importance:** Normal

**Attachments:** ICUA B2H (2020-07-14).pptx

Hello all,

Please find attached an updated deck that incorporates the comments from both Pac and IPC. I made a couple other small edits as well, mostly to reframe the ownership topic from a question to customers to an topic for awareness.

Thank you for the review and feedback, very valuable. We'll distribute this to our customers.

-Paul

Paul Garrett

Manager, Power Account Services

Power Services

Bonneville Power Administration

(503) 230-4553

**From:** Fritz, Brian <Brian.Fritz@pacificorp.com>

**Sent:** Tuesday, July 14, 2020 7:59 AM

**To:** Ellsworth, Jared <JEllsworth@idahopower.com>; Garrett, Paul D (BPA) - PSS-6 <pdgarrett@bpa.gov>

**Cc:** Kitali, Salah H (BPA) - TP-DITT-2 <shkitali@bpa.gov>; Cook, Jeffrey W (BPA) - TP-DITT-2 <jwcook@bpa.gov>; Adelman, Ryan <RAdelman@idahopower.com>; Colburn, Mitch <MColburn@idahopower.com>; Vail, Richard <Richard.Vail@pacificorp.com>; Hoerner, Joseph <Joseph.Hoerner@pacificorp.com>

**Subject:** [EXTERNAL] RE: Updated Slides for BPA's Customers

Paul, can you provide us with the revised slides that include IPC and PAC edits/suggested changes before it is final, thanks.

**From:** Ellsworth, Jared [<mailto:JEllsworth@idahopower.com>]

**Sent:** Monday, July 13, 2020 4:28 PM

**To:** Garrett, Paul D (BPA) - PSS-6 <[pdgarrett@bpa.gov](mailto:pdgarrett@bpa.gov)>; Fritz, Brian <[Brian.Fritz@pacificorp.com](mailto:Brian.Fritz@pacificorp.com)>

**Cc:** Kitali, Salah H (BPA) - TP-DITT-2 <[shkitali@bpa.gov](mailto:shkitali@bpa.gov)>; Cook, Jeffrey W (BPA) - TP-DITT-2 <[jwcook@bpa.gov](mailto:jwcook@bpa.gov)>; Adelman, Ryan <[RAdelman@idahopower.com](mailto:RAdelman@idahopower.com)>; Colburn, Mitch <[MColburn@idahopower.com](mailto:MColburn@idahopower.com)>  
**Subject:** [INTERNET] RE: Updated Slides for BPA's Customers

**\*\* REMEMBER SAIL WHEN READING EMAIL \*\***

**Sender**

The sender of this email is [prvs=456a20554=JEllsworth@idahopower.com](mailto:prvs=456a20554=JEllsworth@idahopower.com) using a friendly name of "Ellsworth, Jared" .

Are you expecting the message? Is this different from the message sender displayed above?

**Attachments**

Does this message contain attachments? Yes If yes, are you expecting them?

ICUA B2H Draft Slides(2020-07-06).pptx

**Internet Tag**

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**Links**

Does this message contain links? Yes

Check links before clicking them or removing BLOCKED in the browser.

**Cybersecurity risk assessment: Medium**

Hi Paul,

Attached are some proposed edits. We generally tried to soften some of the language to portray this discussion as a work in progress, to align with the message sent to Oregon and Idaho commissions.

Jared

**From:** Garrett,Paul D (BPA) - PSS-6 <[pdgarrett@bpa.gov](mailto:pdgarrett@bpa.gov)>  
**Sent:** Monday, July 6, 2020 3:14 PM  
**To:** Ellsworth, Jared <[JEllsworth@idahopower.com](mailto:JEllsworth@idahopower.com)>; Fritz, Brian <[Brian.Fritz@pacificorp.com](mailto:Brian.Fritz@pacificorp.com)>  
**Cc:** Kitali,Salah H (BPA) - TP-DITT-2 <[shkitali@bpa.gov](mailto:shkitali@bpa.gov)>; Cook,Adam R (CONTR) - TAS-TPP-4 <[arcook@bpa.gov](mailto:arcook@bpa.gov)>; Cook,Jeffrey W (BPA) - TP-DITT-2 <[jwcook@bpa.gov](mailto:jwcook@bpa.gov)>; Thompson,Kim T (BPA) - PS-6 <[ktthompson@bpa.gov](mailto:ktthompson@bpa.gov)>  
**Subject:** [EXTERNAL]Updated Slides for BPA's Customers

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Hello Jared and Brian,

Salah is OOO this week, so Jeff asked me to email you attached. Please find attached an updated slide deck that BPA plans to use with its customers. It's similar to the deck we shared previously, but since the letters to the PUCs provided a fairly thorough snapshot of the proposed transaction we thought to add a few more details to better enable customer conversations. Please let us know if you would like to discuss further.

Thanks!

-Paul

Paul Garrett

Manager, Power Account Services

Power Services

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# **B2H Update**

## **For ICUA**

May 13, 2020

## Current Events

- BPA, Pac and IPC are exploring a potential restructured approach to B2H.
  - Discussing a new approach after operational complexity and contractual risk associated with Asset Swap proved to be challenging.
  
- Possible restructured approach related to BPA's service to SE Idaho:
  - BPA to step away from B2H funding, with IPC picking up BPA's 24.24% share.
  - IPC and Pac construct B2H.
  - Pac provide assets to IPC (or BPA) to enable IPC to serve SE Idaho loads via OATT Network Service.
  - BPA and IPC enter into Network Transmission agreements for service to SE Idaho.
  
- Multiple benefits to BPA and its customers:
  - B2H is built, reinforcing congested path between FCRPS and Idaho.
  - No capital outlay for B2H from BPA.
  - BPA eliminates a wheel between the FCRPS and the SE Idaho customers
    - Currently BPA to IPC to Pac. After B2H could be simply BPA to IPC.
  
- Would mean continued transfer service, but at lower cost.
  
- Also, work progressing on B2H itself, with design RFP and contracting for LIDAR.

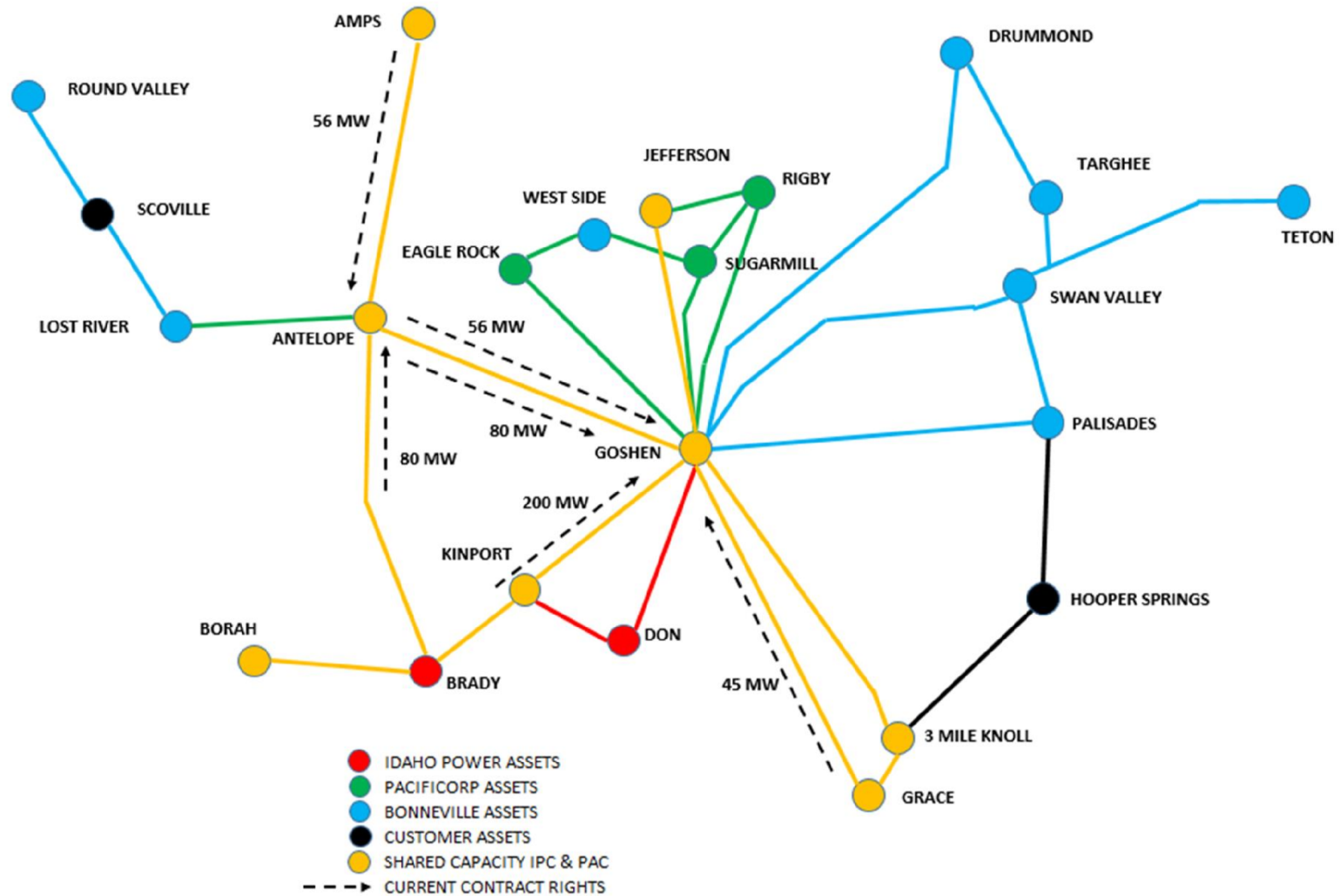
## Highlighted Topics for Customers

- This new contemplated arrangement in general is much more straightforward than the previously envisioned asset exchange.
- However, if we are to continue to negotiate this option, there are two topics that BPA would like to highlight for customers. These are:
  1. Discussions around ownership transfer of the various Pac assets in SE Idaho to IPC or BPA.
  2. How to ensure IPC can demonstrate cost recovery of BPA's B2H share in light of post-2028 uncertainty.
- The rest of this presentation will focus on these two topics.

# Topic 1: Ownership of Pac Assets in SE Idaho

- As part of the larger transaction, PacifiCorp could transfer shares of assets to IPC or BPA.
  - Who takes ownership would be a joint BPA/PacifiCorp/IPC decision.
  - PacifiCorp would retain a share of ownership in all of the assets in question.
    - Still negotiating the possible specific capacity needs and resulting ownership needs. Asset by asset calculation is being discussed.
  - Any asset jointly owned would require a Joint Ownership and Operation Agreement.
  - Additionally, many of the assets in question are already partially owned by IPC, setting up possible outcome of tri-party owned facilities.
- Likely, the best solution in most cases could be for IPC to take ownership. Certainly the most simple, but there may be some specific facilities where it could be best for BPA to take ownership.
- BPA is still clarifying with IPC what rate implications there would be associated with IPC taking ownership. Initial thinking is negligible.

# Topic 1 (cont.): SE Idaho Assets in Question



## Topic 2: IPC Cost Recovery of B2H

- Under new possible approach, IPC would place B2H (including BPA's 24.24% share) into transmission rates.
  - As a IPC ratepayer, BPA would pay for B2H, along with IPC's other transmission customers.
- At the same time, IPC would initiate transmission service to SE Idaho, defraying cost to other transmission customers. But only as long as SE Idaho is served via IPC's system.
- IPC would need to demonstrate cost recovery of BPA's 24.24% B2H share to its PUCs.
- To accomplish this IPC would ask BPA to commit to 20+ year Network Service agreements.
  - There will be other terms and conditions as well, these will be future topics of discussion.

## Topic 2 (cont.): Post-2028 Implications

- Service to SE Idaho using B2H is slated to begin in 2026, a mere two years before the end of Regional Dialogue.
- If we enter into this arrangement, BPA plans to use assignment language in the new IPC Network Service agreement to address the uncertainty of post-2028 customer power supply.
  - Language would clarify that service associated with a customer's POD(s) would be assigned to that customer in a new agreement between IPC and the customer should that customer elect to not sign follow-on agreements with BPA.
- BPA and the SE Idaho customers would then execute separate 'assignment agreements' committing each customer to take assignment of the IPC Network Service agreement if that customer decides to take alternate power supply post-2028.
- Basic logic - IPC would own the transmission needed to deliver power to customer PODs, it is reasonable for BPA and the customers to commit to using and paying for that transmission long-term.
- The Network Service agreement Between BPA and IPC and the assignment agreements between BPA and the SE Idaho customers would be executed well in advance of B2H energization.

## Topic 2 (cont.): Implications of OATT Service

- OATT would guarantee capacity to load.
  - Secures long term firm transmission rights at Point of Receipt (POR) where BPA and IPC's transmission systems meet.
  - If exercising Assignment, customer would 'inherit' their share of the IPC NT capacity and be guaranteed that capacity to their loads.
  - At the end of initial NT term, firm transmission rights roll over and another NT agreement would be negotiated, consistent with Idaho Power's tariff: Exit or termination is typically upon expiration of each NT contract; the ability to extend firm service is based on transmission rights greater than 5 years.
- OATT provides regulatory framework for cost transparency and customer involvement. While there are no guarantees on cost trajectory, review measures mitigate the risk of dramatic cost increases: Idaho Power goes through a formula rate process with FERC, and BPA staff participate in that review. Additionally, any builds or asset exchanges must clear Idaho PUC review.
- Should SE Idaho loads exceed negotiated Longhorn POR rights, either capacity upgrades or further negotiations would be required to increase Idaho Power's share of SE Idaho transmission system.

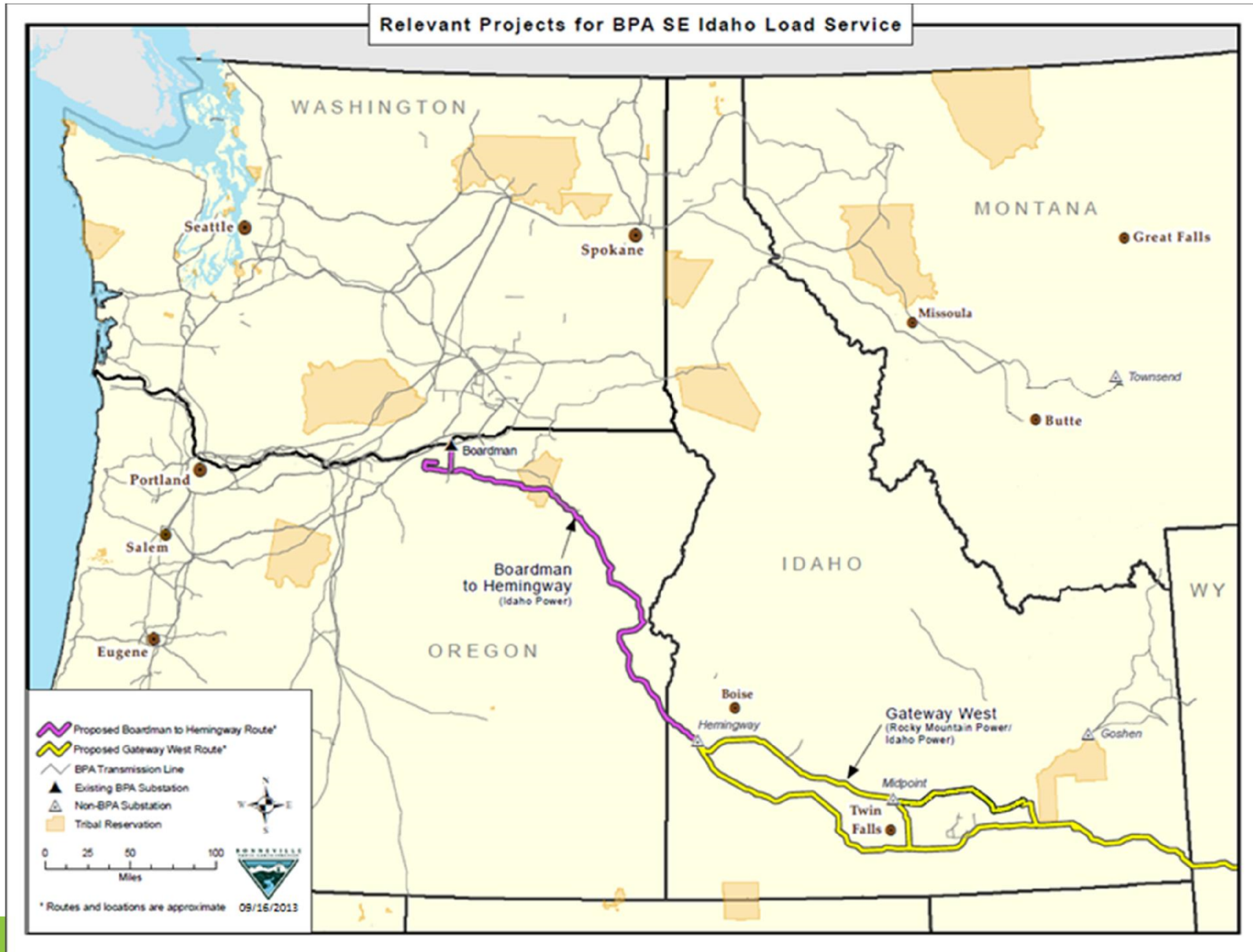


# Questions?

# Supplemental Slides

## Problem Statement

BPA is in need of a more cost effective and reliable solution for meeting current contractual obligations for delivering firm federal power to public power customers in Southern Idaho



# Loads

SE Idaho Loads (PacifiCorp East BAA) (MW)

	Winter			Summer					Winter			
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
aHLH	336	328	278	241	215	245	269	240	212	226	276	345
aLLH	303	312	258	218	187	205	222	192	181	191	253	318
Flat	321	321	269	230	201	226	247	218	197	209	265	333
Mo Peak	444	423	375	314	297	318	321	307	308	303	368	460

Southern Idaho Loads (Idaho Power BAA) (MW)

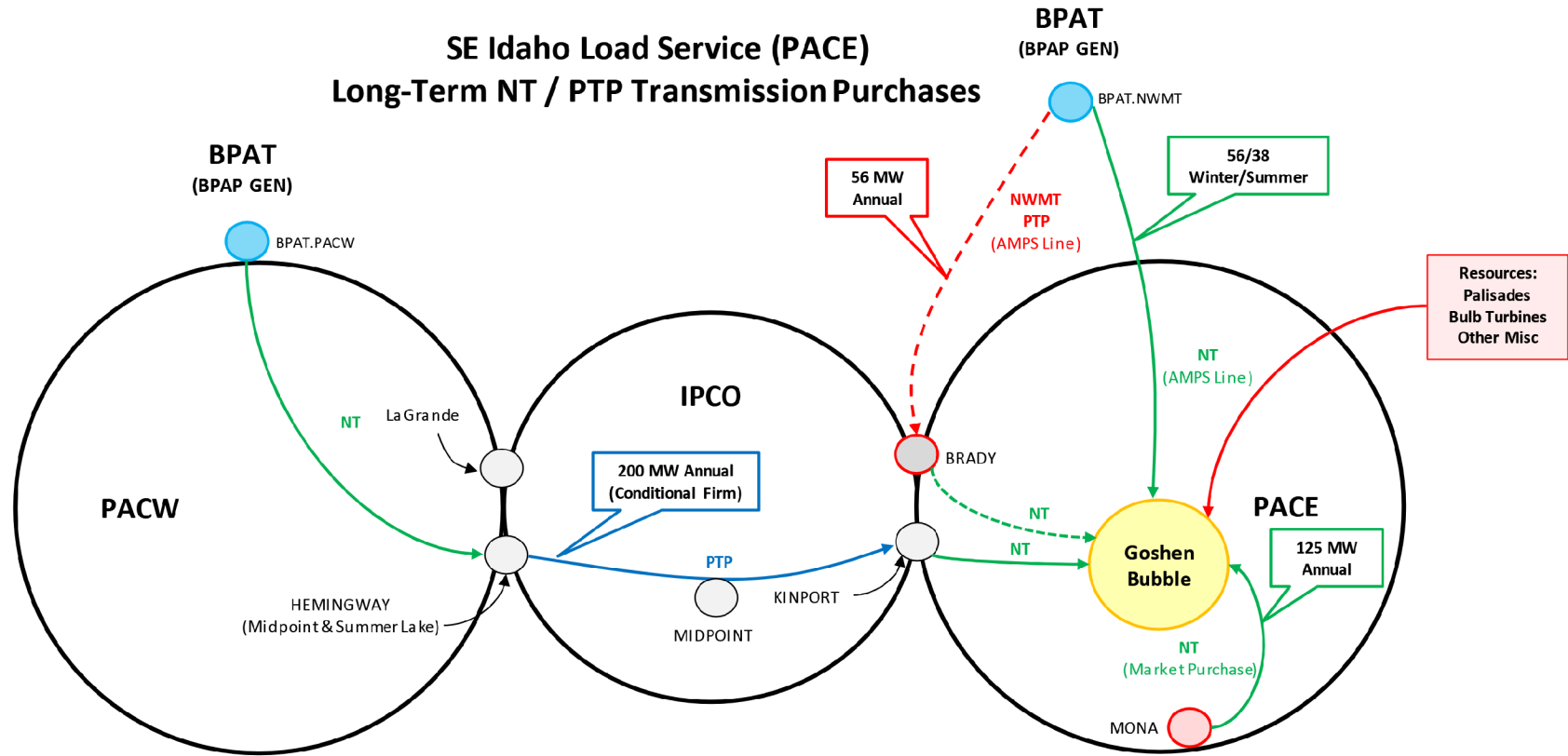
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
aHLH	116	119	103	97	108	128	143	144	111	96	104	115
aLLH	86	82	77	65	76	89	99	91	86	62	77	90
Flat	102	102	91	82	93	110	122	119	99	80	91	103
Monthly Peak	279	261	244	256	284	330	343	312	276	226	249	280

Total Idaho Loads

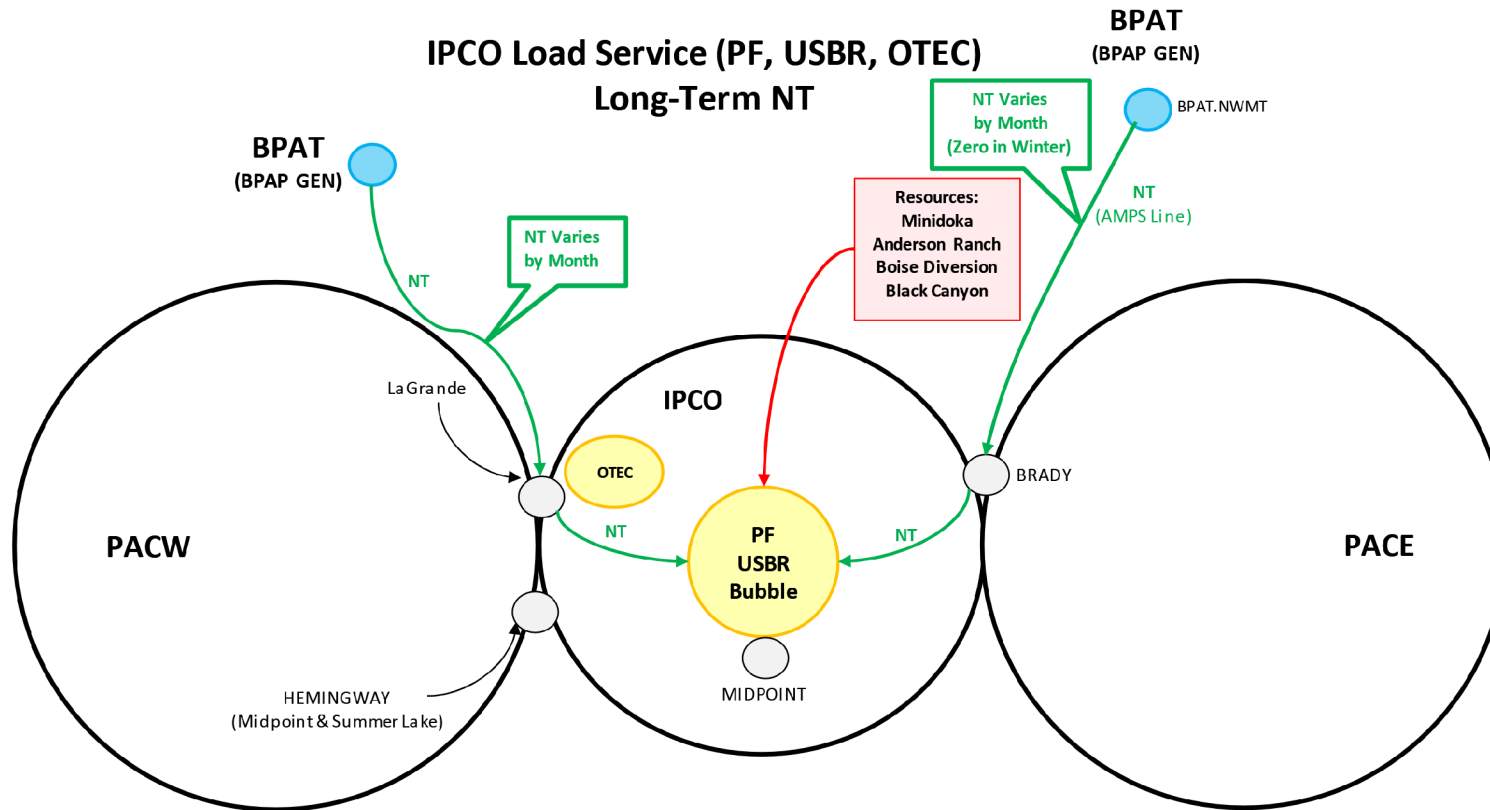
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
aHLH	453	448	381	337	323	373	412	384	322	321	379	460
aLLH	389	394	335	283	263	295	321	283	267	252	330	409
Flat	423	423	360	312	295	336	369	337	296	289	356	436
Monthly Peak	723	683	619	570	582	648	664	619	584	529	617	740

Note: Monthly Peaks are non-coincidental "Total" will be greater than coincidental peak

# Transmission Service to SE Idaho Loads



# Transmission Service to Southern Idaho Loads



# Transmission Rights by Service Area

## Peak Load & Transmission Rights by Service Area

### PacifiCorp (SILS) Transmission Service

Resources & Peak Load	Winter			Summer						Winter			Supply
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	
<b>SILS Forecasted Monthly Peak Load</b>	444	423	375	314	297	318	321	307	308	303	368	460	
Palisades & Bulbs Gen	20	20	20	82	113	139	144	133	87	87	57	20	BPA Local
PAC AMPS (NT)	56	56	56	38	38	38	38	38	38	56	56	56	FCRPS
PAC MONA (NT)	90	90	90	70	70	70	70	70	70	90	90	90	MARKET
PAC MONA (NT)	35	35	35	55	55	55	55	55	55	35	35	35	MARKET
*Idaho "Pipeline" (PTP) (Shaping)	200	200	200	200	200	200	200	200	200	200	200	200	FCRPS
NWMT AMPS (PTP) (In Queue)	56	56	56	56	56	56	56	56	56	56	56	56	FCRPS
**Resources (w/o NWMT) - Load	-43	-22	26	131	179	184	186	189	142	165	70	-59	

\*Amounts in red are conditional firm for 2020 CY. 200 MWs June - August, 114 MWs September, and 49 MWs December

\*\*Negative values represent a deficit in supply to load

Note: Resources are stacked in order of priority, top resource serves load first, then next one down until all resources are used

### IPCO (PF, OTEC, USBR) Transmission Service

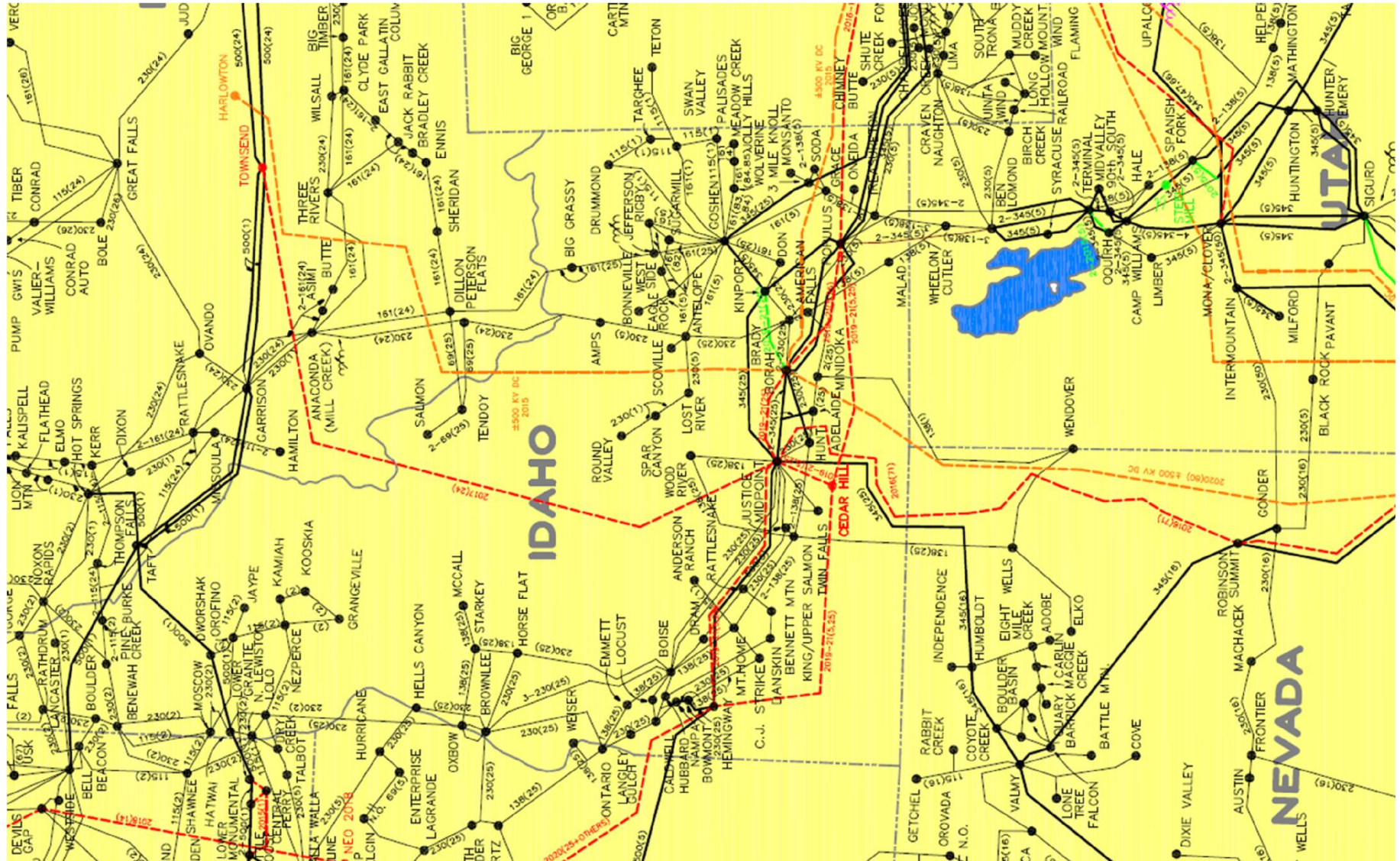
Resources & Peak Load	Winter			Summer						Winter			Supply
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	
<b>IPCO Forecasted Monthly Peak Load</b>	279	261	244	256	284	330	343	312	276	226	249	280	
USBR Gen	5	5	5	17	32	34	42	17	5	0	5	1	BPA Local
IPCO AMPS (NT)	0	0	0	0	17	73	73	47	19	0	0	0	FCRPS
IPCO LaGrande (NT)	286	276	245	273	297	297	297	297	297	267	263	285	FCRPS
*Resources - Load	12	20	6	34	62	74	69	49	45	41	19	6	

\*Negative values represent a deficit in supply to load

Note: Resources are stacked in order of priority, top resource serves load first, then next one down until all resources are used



# WECC Map



**From:** Wilson,Scott K (BPA) - PSW-6

**Sent:** Fri Jul 17 08:47:54 2020

**To:** Farleigh,Kevin S (BPA) - PSW-6; Thompson,Kim T (BPA) - PS-6

**Cc:** Olive,Kelly J (BPA) - PSS-6; Mohamoud,Farah A (BPA) - PSS-6

**Subject:** RE: Thinking for Provider of Choice initiative

**Importance:** Normal

**Attachments:** image001.jpg; image002.jpg; image003.jpg; image004.jpg; image005.jpg; image006.jpg

Good Morning

The idea behind the concept paper is to create BPA's blueprints that sketch out where we are going with the contracts.&nbsp; There are a lot of ways to get there and ultimately it needs to be a BPA document we feel comfortable with.&nbsp; It gets easier to put together the broader the alignment there is across the customers and BPA. &nbsp;During the Regional Dialogue version of this, we had general alignment on moving towards Tiered Rates but internally there were a lot of groups that had developed components with customers but really they didn't fit together as a whole.&nbsp; So the concept paper was where we internally took the unconnected parts and put together something that worked.&nbsp; And it was a big challenge because folks internally really liked their specific components.&nbsp; My attempt at the time was to capture the spirit of what was being attempted in the components so those involved could still feel ownership and see their work but there was a lot of work in reshaping stuff to fit together.

&nbsp;

Working together with customers and interested parties over the next year or so we should get a pretty good sense of what customers are interested in and I think ultimately it will need to shift towards something that is more BPA driven to put together a concept paper that we feel meets all of our needs, some of which may not be popular with customers: take-or-pay, limits on flexibility, limits on RA, REP exists, minimum contract terms, and anything we feel we need to take off of the table as we move forward.&nbsp; I know whatever we do will be in partnership with our customers but I think it will help us to use the concept paper as a way of getting ourselves aligned internally so we can start to provide appropriately direct answers to questions customers want to know about the path forward and what the new contracts will look like.&nbsp; The interaction with customers before and after that can take a lot of different forms but it really does drive internal decisions to take things internal at some point to hash out decisions or at least strong

leanings.&nbsp; Ultimately at this point though there are a lot of paths that can work which is why this is more art than science.

--Scott

&nbsp;

**From:** Farleigh, Kevin S (BPA) - PSW-6 <[ksfarleigh@bpa.gov](mailto:ksfarleigh@bpa.gov)>

**Sent:** Friday, July 17, 2020 7:24 AM

**To:** Thompson, Kim T (BPA) - PS-6 <[kttthompson@bpa.gov](mailto:kttthompson@bpa.gov)>

**Cc:** Wilson, Scott K (BPA) - PSW-6 <[skwilson@bpa.gov](mailto:skwilson@bpa.gov)>; Olive, Kelly J (BPA) - PSS-6 <[kjmason@bpa.gov](mailto:kjmason@bpa.gov)>; Mohamoud, Farah A (BPA) - PSS-6 <[famohamoud@bpa.gov](mailto:famohamoud@bpa.gov)>

**Subject:** RE: Thinking for Provider of Choice initiative

&nbsp;

Morning Kim,

&nbsp;

We haven't put a lot of structure yet into the process for creating the concept paper, though our thinking is that it would certainly have customer involvement.&nbsp; A joint customer/BPA working team is an interesting concept, definitely consistent with our high-level thinking so far.

&nbsp;

We'll start putting more specifics down on paper and bring some ideas forward for the sponsors to consider. Thank you for the update.

&nbsp;

Kevin

&nbsp;

**From:** Thompson, Kim T (BPA) - PS-6 <[kttthompson@bpa.gov](mailto:kttthompson@bpa.gov)>

**Sent:** Thursday, July 16, 2020 3:55 PM

**To:** Farleigh, Kevin S (BPA) - PSW-6 <[ksfarleigh@bpa.gov](mailto:ksfarleigh@bpa.gov)>

**Cc:** Wilson, Scott K (BPA) - PSW-6 <[skwilson@bpa.gov](mailto:skwilson@bpa.gov)>

**Subject:** Thinking for Provider of Choice initiative

&nbsp;

Hi Kevin – Marcus facilitated a good conversation (on many topics) with Snohomish PUD today. One of the topics we touched on is the Post-2028 timeline and engagement.

&nbsp;

John Harlow asked a question I wasn't well positioned to answer (so I answered pretty generally) – but it revealed something I'd love to either learn about (or have you work on). He asked what our process will be for creating the concept paper and whether / how customers will be involved as we put that first written product together.

&nbsp;

What is your thinking about the “how” in developing the concept paper? And if this isn’t mapped out yet, I’ll suggest this would be a good thing to work with the sponsor team on.

&nbsp;

I will also relay a few other comments from John Harlow – He asked whether we’d consider a BPA + customer working team to develop the concept paper. He also suggested that we approach the concept paper like building a strategic plan – with some scenarios and testing for different futures / outcomes. Finally, he is very concerned that our future is hyper-integrated with broad regional issues that are also uncertain and under development – EIM, EDAM, Resource Adequacy, CETA, EIS, etc.

&nbsp;

Best Regards,

**Kim Thompson**

Northwest Requirements Marketing &nbsp; | &nbsp; Vice President

[Bonneville Power Administration](https://www.bpa.gov)

[bpa.gov](https://www.bpa.gov) &nbsp; | P 503-230-3408 | C (b)(6)

&nbsp;



## QUESTIONNAIRE ON POST-2028 - ASHLAND

**1. In terms of your current product purchase from Bonneville, what is working well and what can be improved for your utility?**

- Ability to add non-federal resources without take-or-pay type penalties
- Leaning towards a longer term contract if it was well defined. Pricing with options would be good. Like the stability of the long-term.

**2. In the recent Customer Satisfaction Survey Bonneville sent to preference customers, 90% of respondents said they were “satisfied with [their] current power product(s)”. Bonneville interprets this information as customers generally feel that the Regional Dialogue contracts and tiered rates are working well. What is your opinion?**

- Works very well ←
- Works well
- Neutral
- Not working well at all

In one sentence, why did you answer the way you did? **Do not want to hire anyone to figure it out.**

**3. \*Please note that the following three questions all relate to offering the same products and services post-2028, with tiered rates, as are offered under today’s Regional Dialogue contracts.**

**By law, Bonneville cannot have contracts longer than a 20-year term and therefore must offer new contracts. Should Bonneville offer new contracts post-2028 that provide the same products, services, and tiered rate construct as provided under the Regional Dialogue power sales contract?**

- Yes, with no changes.
- Yes, but with changes. ←
- No. We need to develop new policies and contracts.

**4. Using Regional Dialogue as your baseline for comparison, how would you change the new contract(s) and/or products? Like the product, would like to make a couple tweaks, such as adding resources. Heard other customers want shorter term, if BPA makes contract more flexible, customers would be willing to sign longer term.**

**5. Post-2028, if Bonneville did end up offering the same products and services, with tiered rates, as provided under the Regional Dialogue contract (with or without changes), for what term would your utility consider ideal? Please add specificity in the comment box below.**

- Under 10 years
- 10-20 years
- 10-20, with off-ramps ←

Please provide Bonneville additional information about the term and/or off-ramp structure that would be most attractive to your utility if Bonneville were to reoffer similar products, services and rate structure as under Regional Dialogue. **Would like more flexibility with off-ramps.**

**6. Do you think your utility can be competitive post-2028 if Bonneville offered the same product offerings, and its tiered rate structure, as Regional Dialogue? Please provide explanations of why or why not.**

- Yes
- Yes, with modifications ←
- No
- Not sure

Additional comments? **Depends on what the rates and what flexibilities the contract provides.**

**7. What product offering (Load Following, Slice/Block, Block) is most appealing to your utility post-2028?**

- Load Following
- Slice/Block
- Block
- Other

Please provide an explanation of your answer and any other additional comments. [comment box]

**8. Given Bonneville's strategic emphasis on competitiveness and cost control, which of the following foundational principles of Regional Dialogue do you think remain valid post-2028 and are important to your utility to carry forward? Check all that apply.**

- Lowest Tier 1 Costs and Tier 1 Rates ←-
- Durability/Stability/Contract Enforceability
- Customer/Regional Support and Equity ←----
- Certainty of Obligations for All Parties
- Promote Infrastructure Development Consistent with the Northwest Power Act ←
- Consistency with Bonneville Stewardship Obligations

- Legality
- Simplicity
- Advancement of National Objectives

Are there other principles that should underlay the post-2028 policy? Please share. [comment box]

**9. In general, do you think Bonneville should maintain a structure like today with a total allocation of system and its costs, or attempt to create a new structure that moves away from the current approach?**

- Similar structure ←
- New structure

Please share your ideas for a new structure or approach. **But look into how we incorporate secondary revenues into Tier 1 pool.**

**10. Should Bonneville offer a Slice product post-2028?**

- Yes
- No
- Depends on what, if anything, is offered in its place
- No opinion ←

Please provide an explanation for your answer. [comment box]

**14. Do you think Bonneville should retain the tiered rate structure post-2028?**

- Yes ←
- No
- No opinion

How would you simplify or modify the rate structure? **Works pretty well.**

**15. If Bonneville does NOT re-offer the same products, services and rate structure as under the Regional Dialogue contract (whether with or without changes) what contract term length would be ideal post-2028? Please add specificity in the comment box below.**

- Under 10 years
- 10-20 years

- 10-20, with off-ramps

Additional comments? **Would depend on what the offer was. Can't answer without knowing.**

**16. For your business, what is the optimal frequency of rate cases? (Please note the maximum is every 5 years.)**

- 1
- 2 ←
- 3
- 4
- 5

Additional comments? **Two or more works. Ashland is on a two year budget cycle.**

**17. Post-2028, should Bonneville continue to offer a self-funded energy efficiency option?**

- Yes
- No
- Maybe, with limitations
- No opinion ←

If yes, what share of energy efficiency should utilities self-fund? **Not too involved in this process.**

**18. Should Bonneville explore changing the current TOCA-based (equity) model for allocating EE funding?**

- Yes
- No
- No opinion ←

If yes, what other allocation methodology(ies) should be explored? **Do not work closely with this. Seems to work though with the ability to transfer funds between customers.**

**19. In the next contract period do you think that secondary sales revenue should be:**

- Forecast for the rate period and included as an offset to the priority firm power rate (excluding Slice rate). (Status quo)
- Rebated/credited back to customers at the end of the fiscal year based on actuals.



- No opinion ←
  - Other. [Please explain in the box below.]
- Additional comments? **Please look into all options.**

**20. Should and/or how could Bonneville pursue changes to modify the criteria and/or calculation of the Irrigation Rate Discount benefits?**

- Retain at current levels
  - Cap
  - Reduce
  - Eliminate
  - No opinion ←
- Additional comments?

**21. Bonneville has a statutory requirement to provide a Low Density Discount. Should and/or how could Bonneville pursue changes, as allowed, to modify criteria and calculation of the Low Density Discount benefit?**

- Retain at current levels
  - Cap
  - Reduce
  - No opinion ←
- Additional comments? [comment box]

**22. Are there provisions of the Northwest Power Act that you believe the region should work to change or update?**

- Yes
  - No
  - No opinion
- If yes, please provide your ideas. **Would need to read NW Power ACT**

**23. Are you satisfied with the Residential Exchange Program Settlement Agreement?**

- Yes ←
- No
- No opinion

Additional comments? [comment box]

**24. Should the region consider pursuing another settlement agreement for the Residential Exchange Program?**

- Yes
- No
- No opinion ←

Additional comments? [comment box]

**25. Post-2028, should Bonneville consider offering a bundled power and transmission product at a melded (not tiered) rate that recovers both power and transmission costs?**

- Yes, bundled product and melded rate
- Yes, bundled product but not necessarily at a melded rate
- No ←
- No opinion

Additional comments? [comment box]

**26. Would your utility be interested in a 100% carbon free product?**

- Yes ←
- No
- Maybe

If yes, what would be a reasonable premium (in dollars)? Additional comments? [comment box]

**27. What is your utility's position on nuclear energy (a baseload carbon-free resource)?**

- Glad it's in BPA's fuel mix ←
- Should not be in BPA's fuel mix
- Neutral about it being in BPA's fuel mix

Additional comments? **Great resource. Should put energy into researching new technologies**

**28. Please rank the top three elements/features in order of those that are most critical to your utility's decision to make Bonneville your provider of choice post-2028. [Displayed as three separate drop-down boxes for priority 1, 2, 3. Comment box available to add priority(ies) that aren't listed.]**

- Long term agreements

- Short term agreements
- Contracts with products /services similar to RD
- Contracts with products/services different than RD
- Transfer Service
- Availability of Slice product
- Viable alternative to Slice product
- Bundled power & transmission product
- Tiered Rates
- Melded rates or other rate structure
- Increased flexibility ←
- Increased simplicity
- Access to public benefits (LDD, IRD)
- Cost control by any means possible ←
- Measured cost control (provide details below)
- Service to New Large Single Loads
- Access to carbon-free power ←
- More self-funding in EE
- Restructured EE program
- Restructure secondary sales revenue
- EIM/day ahead market

[comment box] List any other priorities/comments

**29. What are your top two concerns as you look beyond 2028?**

**Covid-19, future legislations (e.g. CETA)**

**30. Please provide any other product ideas or suggestions regarding: contracts, products, billing, other elements that you would like to see considered as Bonneville moves toward post-2028.**

## Themes for Post-2028 City of Richland

- **Products and Services –**

- Conservation and EE - great pleasure of working with Don Singer, and consultant, Greg Sullivan, and use ESIPs for industrial. They have a lot of experience and have a depth of EE knowledge.
- The conservation is going really well now. The programs are good. The responsiveness from BPA is great. Since the 2011 EE issues, BPA has taken on the issues and done well.
- EE is a great thing and would like BPA to continue to support it.
- Being a municipal is a lot different than co-ops or PUDs. Do not have the robust staffing that PUDs do. So the programs BPA offers (particularly industrial) are REALLY important to Richland.
- Boyd Wilson is a great communicator. The policy decisions differ from customer by customer and so it is probably why differing opinions on EE.
- Very pleased with the EE program, very low hassle, only 2 employees dedicated to it and it runs so smoothly. Richland is much more efficient and productive than they otherwise would be. Big retail customer satisfaction. Big thumbs up.
- Conservation works really well for Richland.
  
- Communications with BPA are working really well. Both the Power and Transmission AEs, as well as BPA's leadership team communicating with customer groups.

Improvements:

- Richland has seen some presentations on Resource Adequacy, and carbon legislation, while BPA has a vast supply of hydro, we do not think that will be adequate enough for the region. We are anxious about having the RA modeled at a regional level. Would like to see some improvements.
- Continue to improve the timeliness of line load interconnections. Understand that is transmission related, but would like to see that continue to improve.
- Expecting our distributed energy resources as part of our load mix (small resources) and not hassle with things like RSS for a tiny resource. Just make it part of the load mix, remove BPA meter, and look at it as load variation. Raise the resource nameplate requirement.
- Support energy storage (batteries). Treat it as load and not generation. Encourage the use and development and not be as punitive on it. Energy storage is going to be a huge component going forward, we need to encourage it as much as possible. Very important to Richland.

Important for region

- Rebalance allocation costs for generation and flood control on FCRPS as well as Columbia River treaty.
  - Help maintain BPA as a PMA. Through PPC and NRU we are going to support that as much as possible.
  - Would like to see BPA support small modular reactors as much as possible. Understand it may not fit into generation focus area, but think it's important to the region. It's important from a carbon free standpoint.
  - Richland is going to have to comply with both small utility and larger utility legislation requirements. CETA, etc. Have to do a lot more reporting. Liz Klumpp has been very involved and we appreciate her representing BPA and helping with education.
  - Having carbon free resources available, particularly through the market purchases BPA makes, is very important.
- **FCRPS Allocation and Rate Structure -**
    - Like Tiered rates. Still looking at these rate constructs as part of the NRU working group. In process of understanding TRM specifics and what alternatives are out there.
    - Region spent a lot of time trying to get TRM to work, what else is out there?
- **Rate Case Frequency-**
    - Two years seems to be working. Can't imagine BPA doing anything on a shorter rate period, would not want to go longer. Supportive of two years.
- **Contract Term –**
    - Like 20 years when it favorable, want out early when it's not. Adding non-federal flexibility would make a difference. Do like locking in the Tier 1 rate concept for 20 years.
    - Need more non-fed flexibility for a 20 year agreement.
- **Cost control, competitiveness and Public Benefits –**
    - IRD/LDD very important to regional customers, even though it's a cost for Richland, it's a benefit to the greater region so Richland is supportive.
    - Richland heard a comment that it's a cliff as to where the benefit cuts off, maybe a phased approach rather than a benefits cliff.
- **Top Concerns –**
    - Non-federal flexibility, especially with small behind the meter resources.
    - Encouragement of energy storage.
    - Timeliness of Transmission efforts and regional RA for transmission planning.
    - Keeping rates as low as possible is still VERY important to customers and their retail customers. Especially right now and post covid-19.

- Maximizing the hydro system. Being right next to the system has a different impact. Tourism is impacted by hydro system changes which directly affects the tri-cities economy.
- Richland is growing quite a bit. Had to turn away a 10+ aMW load because of transmission and regional constraints. Not just because of BPA, but to be able to commit, and go through line and load interconnection request, would not work.
- The area will continue to grow, will be the second largest metro area in Washington. The quality of life is fantastic. People are going to continue to move to tri-cities and loads will grow.

**From:** Perry, Marcus I (BPA) - PSW-SEATTLE

**Sent:** Mon Aug 03 11:09:19 2020

**To:** Thompson, Kim T (BPA) - PS-6

**Cc:** Farleigh, Kevin S (BPA) - PSW-6; Olive, Kelly J (BPA) - PSS-6; Mohamoud, Farah A (BPA) - PSS-6

**Subject:** Comments of Snohomish PUD on RD Contract and Post2028 Contracts as sent to BPA 7.31.2020

**Importance:** Normal

**Attachments:** Comments of Snohomish PUD on RD Contract and Post2028 Contracts as sent to BPA 7.31.2020.pdf

Good morning, Kim.

It appears it was Anna's final assignment at Snohomish to send responses related to the Post 2028 questions that we prompted their leadership with a few weeks back at the virtual meeting. Their comments are attached and include observations about the slice product, resources, term, and reference year for Tier 1 allocations. Nothing in the letter calls for immediate follow up, so this is essentially their early input as we head in to the next steps of Post 2028 contract development.

Kevin, I'd be happy to walk through comments with the Post 2028 team, if needed.

-Marcus

**From:** Berg, Anna <AJBerg@snopud.com>

**Sent:** Friday, July 31, 2020 2:50 PM

**To:** Perry, Marcus I (BPA) - PSW-SEATTLE <miperry@bpa.gov>

**Cc:** Kallstrom, Jeffrey <JRKallstrom@SNOPUD.com>; Johnston, Kim <KDJohnston@Snopud.com>; Zyskowski, Jason <JAZyskowski@SNOPUD.com>; Haarlow, John <JAHaarlow@Snopud.com>; Wallace, Kelly <KAWallace@SNOPUD.com>; Marr, Garrison <GBMarr@Snopud.com>; Hunter, Ian <IRHunter@SNOPUD.com>

**Subject:** [EXTERNAL] Comments of Snohomish PUD on RD Contract and Post2028 Contracts as sent to BPA 7.31.2020

Marcus,

Attached are Snohomish PUD's comments and thoughts on the existing Regional Dialogue and post-2028 power contracts for BPA's consideration and review. Questions, please work directly with Jason and Jeff.

Thanks again, it's been my pleasure working with you.

Anna





*Energizing Life in Our Communities*

July 31, 2020

Submitted via email to: [miperry@bpa.gov](mailto:miperry@bpa.gov)

Bonneville Power Administration  
Kim Thompson, Vice President Northwest Requirements Marketing  
905 NE 11<sup>th</sup> Avenue  
Portland, OR 97232

Subject: **Comments by Public Utility District No. 1 of Snohomish County on  
Current and Post-2028 BPA Power Contracts**

Dear Ms. Thompson:

Public Utility District No. 1 of Snohomish County (“Snohomish PUD”) appreciates the opportunity to provide feedback to BPA on considerations for the remainder of the current Regional Dialogue Block/Slice Contract (“RD Contract”) that will expire September 30, 2028, and the post-2028 contract. As BPA’s largest customer, the conceptual framework and roadmap that BPA will craft as to how future power products will be developed, what they will cost, and the amount of at-cost power that will be available, will all have significant and material impacts on Snohomish PUD and its customer-owners.

Snohomish PUD serves what has been characterized as a bedroom community for residents who work throughout the Puget Sound corridor and call Snohomish County and Camano Island home. The county is also a manufacturing hub which has been an economic mainstay for Washington State. Our 818,000 residents rely on Snohomish PUD to fulfill its mission of safely providing affordable, reliable, and environmentally sustainable energy to our customers. The majority of this energy is supplied to Snohomish PUD through the long-term BPA power contract. Snohomish PUD offers the following thoughts and comments to BPA and looks forward to continuing its strong partnership with BPA to secure positive outcomes under the existing and in the post-2028 contract period.

Snohomish PUD contracts with BPA for the Block and Slice products. In many instances these products have complemented each other well under the Tiered Rates Methodology (“TRM”) construct. Despite some of the administrative complexities, the products and rates have worked well together, with little to no major modifications since the contracts began October 1, 2012.

By way of observation, there are some inherent challenges for Snohomish PUD with the products. These include:

- With current Block/Slice configurations, Snohomish PUD can face winter deficits and increased wholesale energy market reliance under adverse weather conditions. In many instances this stems from “mismatches” between Snohomish PUD’s within month load variations during November through February, and BPA’s product or load factor methodologies.
- As wholesale energy markets in the West continue to transform from historical day ahead and next hour marketing practices to sub-hourly increments, average energy prices have fallen and liquidity for the next hour sale of energy surpluses has been reduced. Therefore, the economics for BPA’s existing power products – which were noted under the TRM to have “similar” product costs – has now changed, creating additional risk and uncertainties for customers with the Slice product. Snohomish PUD urges BPA to work with its customers to explore today’s RD Contract limitations given the evolving markets, in order to more equitably distribute Tier 1 System share costs, benefits, and capabilities.

With these considerations in mind, Snohomish offers the following feedback and insights to BPA on what opportunities it sees to address the above concerns within the existing RD Contract and for considerations in the post-2028 contracts:

#### 1. Considerations and Implementation Opportunities within Current RD Contract

- **Determine the Peak Amount Methodology to Implement Section 3.4**  
Under the current Block/Slice contract, Snohomish PUD and other preference customers face shortfalls during winter and summer peak demand periods. Language was included in Section 3.4 for BPA to determine a peak net requirement methodology at some future time. Eight years into the RD contract, the envisioned “future public process” has been postponed by agreement in past years with prior executives, delaying exploration and implementation of this contract provision. We urge BPA to make time in 2021 for a public process to discuss potential methodologies; a methodology for peak amounts did exist in the past under prior BPA power contracts. This is especially important given BPA’s expected participation future extra-regional markets with capacity and energy from the Tier 1 System.
- **Revisit Block load shaping factors and Block load shape**  
One source of mismatch between Snohomish PUD’s BPA RD Contract allocation based on 2010 loads and near-term needs is the inter-monthly shaping of the Block product. The current Block shape appropriately matches Snohomish PUD’s load *on a monthly average basis*; within the month however, the Block load shaping factors result in too little on-peak energy and too much off-peak energy. While the latent capacity of the Slice product helps Snohomish mitigate and manage this mismatch, a more efficient Block load shape for firm requirements load could create a better outcome. This could be applicable to the current RD Contract and the post-2028 product discussions.

- **Collaborate with Snohomish PUD’s team on how long-duration storage resources will be treated in future BPA contracts.**

With forecasted increases in intermittent renewable energy, falling average energy prices, and increases in hourly wholesale energy market price volatility, Snohomish PUD is interested in how long-duration storage resources may help meet forecast capacity needs. As a result of return trip efficiency losses, storage resources also represent a net load – requiring more input energy than output energy dispatched. This distinction creates a unique issue for a product allocation based on both the output capabilities of dedicated resources, and the load requirements of BPA customers. Snohomish PUD would like to collaborate with BPA’s staff to determine how resource type will be considered in the existing and post-2028 BPA power contracts.

- **Power and Transmission Products Must Work Together, Mitigate Delivery Risk**

The value of Snohomish PUD’s BPA Power product allocation is intrinsically tied to its BPA long-term firm transmission investment for the ability to deliver firm energy to our service area to meet customer-owner needs, long-term. The recent handling of BPA transmission constraints and changing business practices have limited that ability and instead have created impacts, highlighting potential delivery risks for BPA’s power products. To that end, BPA Power and Transmission business lines must both ensure that preference customers like Snohomish PUD, who pays its cost share of the Tier 1 System and has made investment in long-term firm transmission can be reasonably assured firm service delivery of federal power under that contract to serve its customers. Likewise, in the post-2028 period, both power and transmission products must work and complement each other, otherwise they dilute value to BPA’s customers.

## 2. Considerations for Post-2028 BPA Contract

- **Reasonable term length in a changing market**

In a rapidly changing marketplace characterized by evolving markets, policies, and technology the term length of a future contract is an important consideration. Too long of a term and the products may not be good fits nor cost-competitive for BPA or utilities. Too short a term creates other risks and may not allow utilities sufficient time to develop the tools and staff to pivot across product offerings to fit load needs. Snohomish PUD views 10-15 years as a reasonable term length for the post-2028 contract, and values term length that gives reasonable insights into Washington utilities’ alignment with the State’s 100% carbon neutral standard by 2030 and 100% clean energy goal by 2045.

- **Collaborate on considerations of a Day Ahead Slice product**

A considerable amount of resources is needed to schedule the Slice product hourly and create fully feasible runs for 240 hours or out 10 days. There may be mutual benefits to

be considered if a construct could both simplify today's Slice product, secure greater load certainty for BPA, and result in shared benefits under such a configuration. Snohomish PUD has interest in exploring this and other Slice product approaches with BPA and the broader Slice Customer Group in the future.

- **Composite Year for Customer's Loads and Resource**

For establishing Tier 1 share allocations in the post-2028 period, BPA should consider using a Composite Year approach for customers' loads and resources. Incorporating a Composite Year (e.g., a 3 or 5 yr average of customer's loads and resources including important conservation acquisitions that offset load growth), would provide greater benefit to the region and avoid one-year anomalous results for a long-term contract. This would also lend benefit to re-examining how the Contract Demand Quantity by month are determined, informed by a Composite Year.

Snohomish PUD looks forward to the future discussions and successful partnership with BPA as 2028 approaches. New energy policies and markets have created new risks and opportunities for BPA and its customers. Snohomish PUD looks forward to a collaborative process with BPA and the region in support of securing at-cost, carbon-free energy in support of Northwest customer-owners.

Respectfully,



Anna Berg  
Senior Manager Power Supply

cc: John Haarlow, CEO/General Manager  
Jason Zyskowski, AGM - Facilities, Generation, Power, Rates & Transmission Mgt  
Kim Johnston, Director Government and External Affairs

From: Kruse,Pontip K (BPA) - PSE-MEAD-GOB

Sent: Tue Aug 18 11:34:37 2020

To: Kruse,Pontip K (BPA) - PSE-MEAD-GOB

Subject: UPDATE: Post 2028/Provider of Choice/Educational Resources

Importance: Normal

Attachments: image001.jpg; image002.jpg; image003.jpg; image004.jpg; image005.jpg; image006.jpg

Hello everyone, attached is a link to the [Post 2028/Provider of Choice webpage](#) and educational resources on topics such as BPA's governing statutes, the current long-term power sales contracts, and the tiered rate construct.

Additionally, [Fact Sheets](#) (1 to 2 page informational sheets) are now available on products and services BPA currently provides. BPA will post additional fact sheets as they become available.

**Available Fact Sheets:**

[BPA Statutes, PDF Version](#)

[Carbon-free BPA Hydropower, PDF Version](#)

[Products of Regional Dialogue, PDF Version](#)

[Residential Exchange Program, PDF Version](#)

Have a wonderful week.

**Pontip Kruse**

Power Account Executive|Spokane Office|[bpa.gov](http://bpa.gov)

**Bonneville Power Administration**

Office: 509.822.4597 | Mobile: (b)(6)

From: Michele Patterson

Sent: Fri Aug 21 14:37:52 2020

To: Perry, Marcus I (BPA) - PSW-SEATTLE

Subject: [EXTERNAL] RE: Educational Materials for Post 2028

Importance: Normal

Attachments: image001.jpg; image002.jpg; image003.jpg; image004.jpg; image005.jpg; image006.jpg; NRUPost2028PrincipleLetter.pdf

Here is a copy of the letter from NRU to Elliot that I promised you.

Michele

**From:** Michele Patterson

**Sent:** Friday, August 21, 2020 12:25 PM

**To:** 'Perry, Marcus I (BPA) - PSW-SEATTLE' <miperry@bpa.gov>

**Subject:** RE: Educational Materials for Post 2028

This is great!

Thank you,

Michele

**From:** Perry, Marcus I (BPA) - PSW-SEATTLE <[miperry@bpa.gov](mailto:miperry@bpa.gov)>  
**Sent:** Friday, August 21, 2020 12:01 PM  
**To:** Michele Patterson <[michelep@masonpud3.org](mailto:michelep@masonpud3.org)>  
**Subject:** Educational Materials for Post 2028

**CAUTION:** This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Michele. I forgot to send this right after our meeting on Wednesday but below is the link to the newly created Provider of Choice webpage found on our public site. Click the link and find the 'Educational Materials' on the left. They are generally short 1-2 page Fact Sheets on different topics.

More educational materials will periodically be added as well (i.e. Transfer Service)

<https://www.bpa.gov/providerofchoice/Pages/provider-of-choice.aspx>



Marcus Perry

**Marcus Perry**

Account Executive | Power Services

**Bonneville Power Administration**

[miperry@bpa.gov](mailto:miperry@bpa.gov) | P 206-220-6779 | C(b)(6)

Mason County PUD No. 3 is subject to the Washington Public Records Act, RCW 42.56. Therefore, this email, and its attachments if any, may be disclosed as a public record.

From: Kevin Kytola

Sent: Fri Aug 28 12:05:19 2020

To: Mantifel,Russell (BPA) - PGL-5; Farleigh,Kevin S (BPA) - PSW-6; Paul Dockery; CARDOZA Kevin; Ed Mount; Hill, Mike

Subject: [EXTERNAL] Slice SIG: Customer Ideas on Post-2028 products

Importance: Normal

Attachments: Post-2028 slice product customer concepts v8.pdf

Hi Russ and Kevin,

At next week's SIG, the Slice Customers would like to share some concepts that they've been developing around post-2028 products. While there are discussions ongoing with the individual utilities, we thought it would be valuable to collectively share these Slice-related thoughts with you at the SIG.

Attached are some slides that we plan to talk from next week.

Have a great weekend

Kevin

**Kevin Kytola**

Sapere Consulting, Inc | 109 E. Main St.; Suite 301 | Walla Walla, WA 99362  
509-524-2343 (office) | (b)(6) (cell) | 509-529-7886 (fax)

#### Background information:

These comments are from the Provider of Choice discussions that I had with customers in 2017 and shared in the brainstorming session that was held with the Requirements Marketing VP in July of that same year. These are included as context for the recent feedback received.

#### Specific requests:

- A 10-year contract term mentioned by several GMs
- Longer rate periods (4-5 years mentioned) to assist with utility project planning
- If the CHWM concept is retained in the next round of contracts, some customers would like an option to take 50% of their CHWM
- Streamlined processes, with flowcharts that capture power and transmission requirements, for adding resources
- Provide price signals for demand response efforts

#### General comments

- BPA processes (contracts, resource additions, rate cases, EE, CRSO, Transmission initiatives, etc.) are very complex. Many customers are struggling to keep up with the industry's increasing rules, regulations and requirements. Especially as many of their senior staff and board members are beginning to retire.
- The small to mid-size utilities often look to us for assistance with recent industry changes and requests from regulators and appreciate this component of customer service.
- They'd like to be involved/consulted early in the decision making process and ask for more transparency into the prioritization, budget setting and progress tracking when it comes to actions/projects. Hydro O&M spending was shared as one area of interest.
- They believe that they need BPA's transmission lines and, within reason, would like to support adequate investment in infrastructure and staff so that there will be capacity available to attract new loads and create economic growth.
- The contracts are complex and the reasoning for tiered-rates doesn't seem compelling in today's market.
- The two year rate process means that BPA is in Ex Parte status for a significant portion of each rate case. This creates a perception that decisions are made with very little time for discussion.
- BPA remains important to customers and they'd like to see us as a part of their future portfolios.

#### Current Comments:

Several GMs shared that they have had a lot on their plate this past year and trust that the NRU committee, comprised of members that were involved in the previous round of contract development, and PPC will provide useful input during this phase.

Here are the responses that I received to the questions below:

#### What is working well?

- We have zero interest in leaving Bonneville. The relationship is good and we need BPA for foundational support.
- Don't change your AE model.

- Customers are seeing significant changes in BPA's cost management/rates while acknowledging that trimming costs is difficult and can affect employee morale.
- Customers continue to find value in BPA's products and services and encourage us to stay the course on what we're already doing well.
- Relationships are highly valued. Customers are quick to offer thanks for all of the good work that BPA employees do to support public power. They really enjoy meeting and working with the BPA team members.
- Contact with the AEs - they especially appreciate the ability to ask questions on a wide array of topics and the willingness of the AEs to help as GMs and the board work to determine what is in the best interest of the utility. They mentioned that the responses show that AEs take the time to understand each customer's unique circumstances and provide meaningful content.
- Tier 1 rates are viewed as competitive in the current market.
- Several Washington customers mentioned increased product value in light of clean energy legislation and encourage BPA to offer a load following product that meets CETA requirements.
- Customers see BPA as a partner and a critical component of the Northwest fabric. They want to help and see us succeed

#### Where could we improve?

- Nothing. We are so small and BPA takes care of us.
- Resource integration.
- In order to respond to a rapidly evolving industry and increasing requests for green energy/electrification from consumers, utilities are positioning their generation and distribution infrastructure and people to operate flexibly and efficiently. They need BPA processes and software systems to be stable and responsive to unique customer needs.
- The term of the power sales contract and rate cases is an issue for many.
- Some of the new GMs/board members mentioned that peers who went through the first round of contract negotiations seem to have a much better understanding of the ins and outs of the agreements/rate cases/processes. They shared that they'd like to have more time to spend on BPA related topics in the future and look forward to the high-level educational materials that are being prepared.

#### What will power customers value in future agreements?

- New agreements signed by 2023. This would allow enough lead time for resource procurement and/or long-term market purchases, if additional power is needed by utilities.
- Several Washington customers mentioned increased product value in light of clean energy legislation and encourage BPA to offer a load following product that meets CETA requirements.
- Cost certainty on key regional issues. Many customers express concerns for future cost pressure related to fish and wildlife protection, Columbia River Treaty outcomes and hydro operations.
- Contract terms ranging from ten years to 60-70 years were suggested. One customer said the ideal scenario would be a 12-year contract, with an off-ramp at six years, and rates cases every three years.
- Customers continue to find value in BPA's products and services and encourage us to stay the course on what we're already doing well.

# Post-2028 BPA Products

## Concepts for Consideration



## Overview

# Objective & topics for today's discussion

**Objective:** Engage in an ongoing dialogue with BPA to improve the Slice/Block product offering post-2028.

---

## Slice

We want BPA to offer a Slice product post-2028

---

We like the flexibility of Slice and are comfortable keeping the existing contract design

---

We understand that BPA has concerns about complexity; we are open to discussing ways to reduce complexity and/or ease implementation.

---

## Capacity

We have concerns about our ability to meet peak loads

---

We don't think the current slice/block product will meet our needs post-2028

---

We have some ideas for product modifications that we would like to share

---

# Post-2028 Slice

## Dialogue on Product Design

Michael Hill  
Senior Power Analyst  
Tacoma Power

Ed Mount  
Director, Power Supply Planning & Operations  
The Energy Authority



## Overview

# Recommendation

Slice customers are happy with the current Slice product and would like BPA to extend the current RD Slice product for 2028. However, If BPA has concerns about current contract complexity, Slice customers are open to considering a simplified Slice product.



# Regional Dialogue Slice

**Section 1.1**

## Regional Dialogue Slice

# RD “Slice-of-the-System”

### Features

- “Big 6” projects modeled in water-routing model
- Balance of System (BOS Base) for all other generation
- BOS Flex simulates flexibility of Lower Snake projects
- Extremely complex delivery mechanism for contract power

### Pros

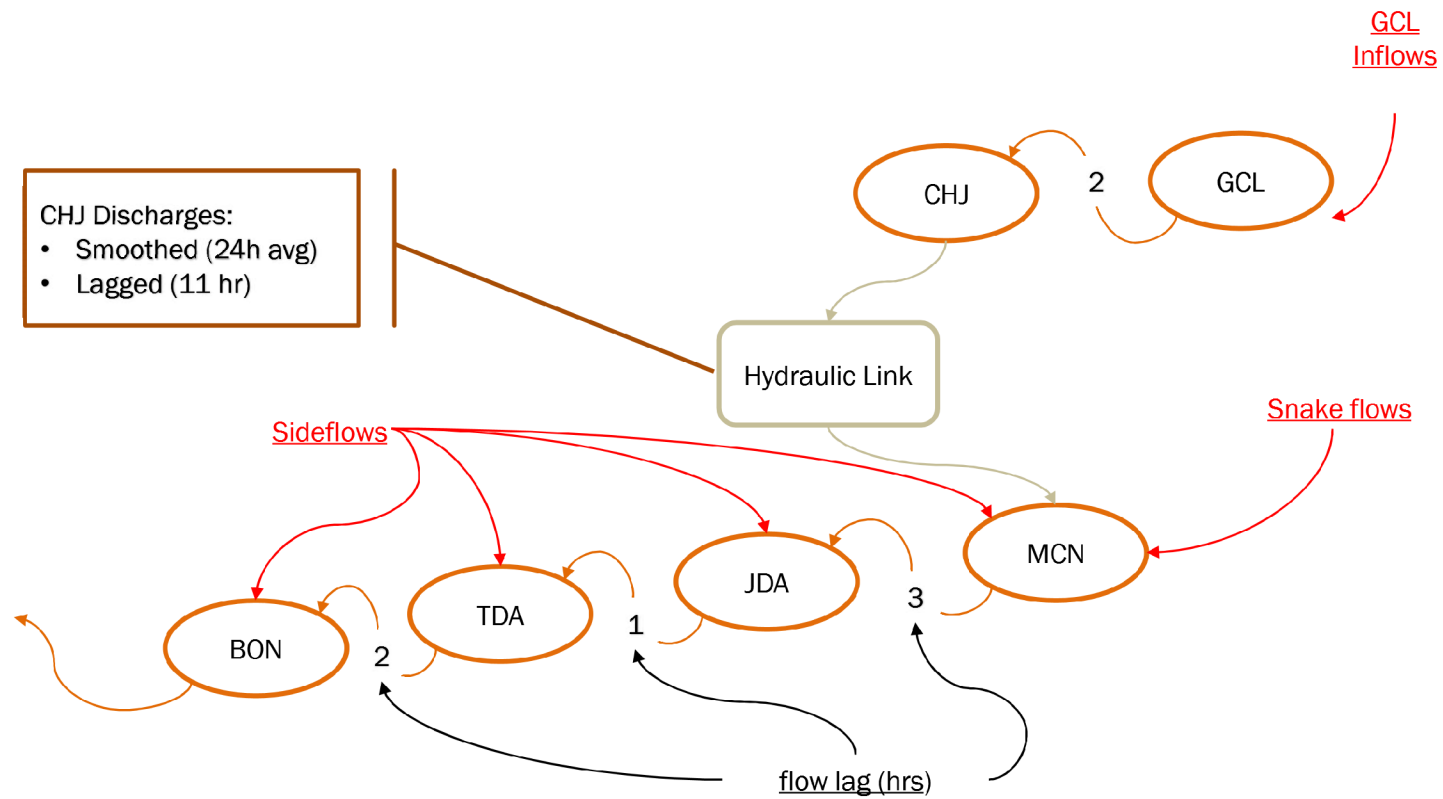
- Good representation of the capability and flexibility of FCRPS
- Transparent system constraints, ie. flows in kcfs, Max/min generation in MWh/hr

### Cons

- Complex systems necessary to process and manage Slice data (BPA & Customers)
- Volume of hourly inputs, constraint parameters to simulate Slice
- High overhead to maintain systems and maintain simulations

## Regional Dialogue Slice

# RD Slice Water Routing Model



## Regional Dialogue Slice

### Current State of Slice

- All customers have developed sophisticated systems to manage, process volume of inputs and constraints
- Most have adopted sophisticated optimization methods to formulate “fully feasible” plans
- Systems still require significant resources and dedicated staff to maintain and manage simulations
- Some Slicers have elected “off-ramp” to alternative Preference products

# Post-2028 Slice

**Section 1.2**

## Post-2028 Slice

### Questions

- We understand that BPA has concerns about the **complexity** of the Slice product. Is this accurate? If so, can you elaborate on your concerns?
- We understand that BPA has concerns about the **administrative overhead** of the Slice product. Is this accurate? If so, can you elaborate on your concerns?
- Are there things we can do to improve the product in the future?

## Post-2028 Slice

### Future Slice Principles/Options

1. Strike a balance between ease of implementation and desired flexibility
2. Update Slice business processes to better reflect changes in Western energy markets
3. Ensure the Slice product is compatible with participation in other West emerging markets

# Capacity

## Concepts for Post-2028 Product Design

Jim Russell  
Manager Power & Transmission Contracts  
Tacoma Power

Ed Mount  
Director, Power Supply Planning & Operations  
The Energy Authority

Ray Johnson  
Assistant Power Manager  
Tacoma Power





## Overview

# Recommendation

BPA should consider a range of modifications to its post-2028 product offerings that will provide customers more flexibility in meeting their peak loads.

## Overview

# Background

### The Region is Heading for Capacity Deficits

- The impending retirement of a number of generators has led to questions about whether the region will continue to have an adequate supply of electricity.
- The region may begin to experience capacity shortages in 2020
- By the mid-2020s, the region may face a capacity deficit of thousands of megawatts.

### NWPP Resource Adequacy Program

- The program will obligate utilities to prove that they have adequate capacity to meet peak loads several months in advance of delivery
- Any utility that fails to pass the forward showing will be subject to financial penalties.
- At a recent customer workshop, BPA has indicated that if they join, they will pass compliance obligations to each customer LSE.

### Some BPA LSEs Have Capacity Deficits

- Snohomish PUD
- Clark Public Utilities
- Benton PUD
- Franklin PUD
- Lewis PUD
- Tacoma Power

## Overview

# Modifications to BPA Offerings are Needed

## Current Products May Not Meet Customer Needs

The current Block and Slice/Block product design restrictions are unlikely to meet the needs of many Slice/Block customers under a resource adequacy program.

We recommend modifying the Block and Slice/Block products to address capacity issues.

# Background

**Section 2.1**

## Background

### Rights to BPA Preference Power

“**Whenever requested**, the Administrator **shall offer to sell** to each requesting public body and cooperative entitled to preference and priority under the Bonneville Project Act of 1937... electric power to meet the **firm power load** of such public body to the extent that such firm power load exceeds:

- A. The capability of such entity’s **firm peaking and energy resources** used in the year prior to December 5, 1980, to serve its firm load in the region, and
- B. Such other resources **as such entity determines, pursuant to contracts** under this chapter...”

## Background

### Rights to BPA “Firm Power Surplus” (non-PF service)

“This rate schedule is available for the sale of Firm Power (capacity and/or energy), Capacity Without Energy, Shaping Services, Reservation and Rights to Change Services, Reassignment or remarketing of Surplus Transmission Capacity, Services for Non-Federal Resources, Unanticipated Load Service, and other capacity, energy, and power scheduling products and services for use inside and outside the Pacific Northwest.

Sales under this rate schedule are discretionary. BPA is not obligated to sell any of these products, even if such sales will not displace PF, NR, or IP sales.

**Rate(s) and billing determinant(s) applicable to such products and services shall be as specified by BPA or as agreed to by BPA and the customer.** The charge(s) for these services shall be the applicable rate(s) times the applicable billing determinant(s) pursuant to the agreement between BPA and the customer.”

## Background

# What BPA Products are currently available?

### Preference Products (@ Tier-1 Pricing)

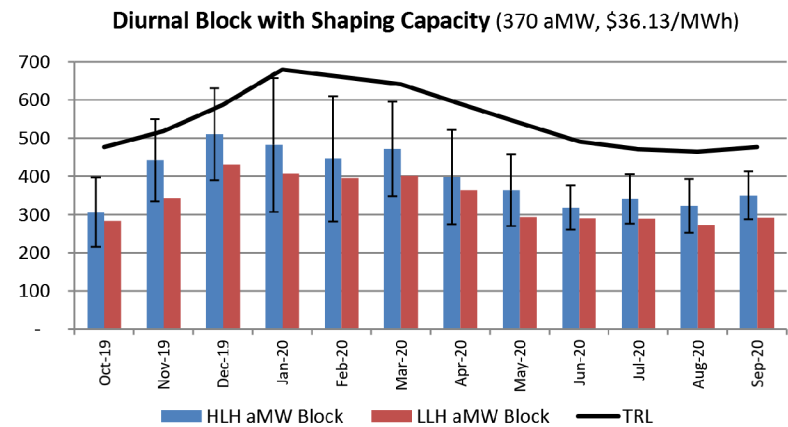
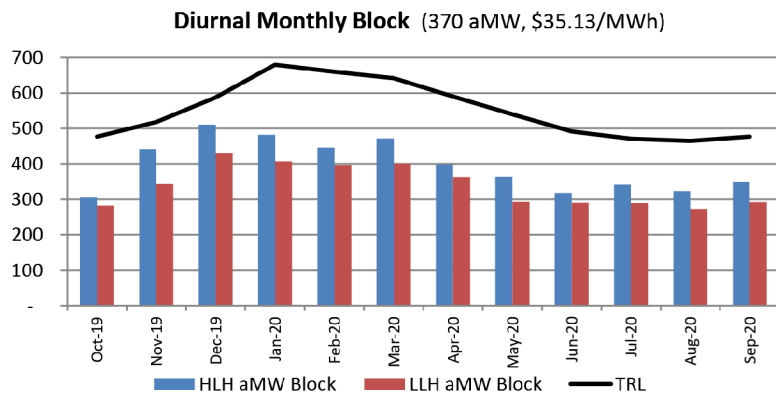
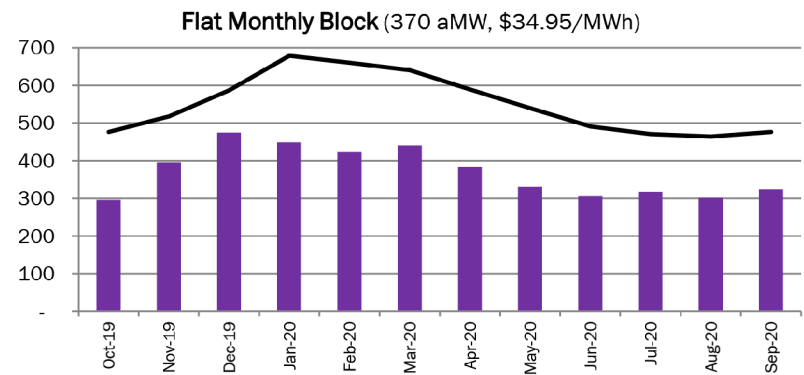
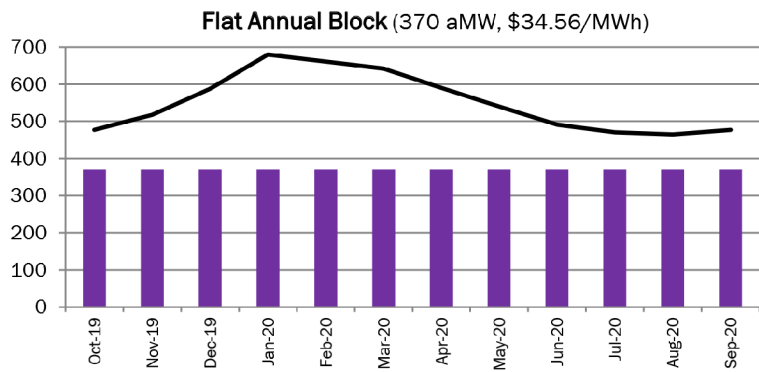
1. Flat Annual Block
2. Monthly Flat Block
3. Monthly Diurnal Block
4. Monthly Diurnal Block with HLH Shaping Capacity
5. Slice/Block
6. Load Following

### Non-Preference Products (Negotiated Pricing)

1. Firm Power (Capacity and/or energy)
2. Capacity without energy
3. Shaping Services
4. Or other Capacity, Energy, and Power Scheduling Products

## Background

# Preference Products Detail

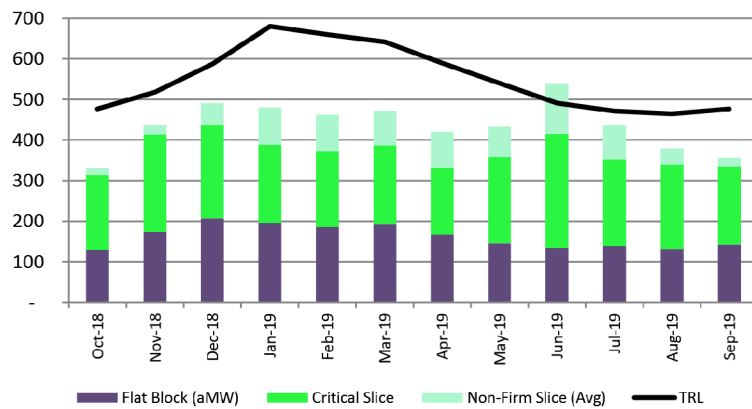




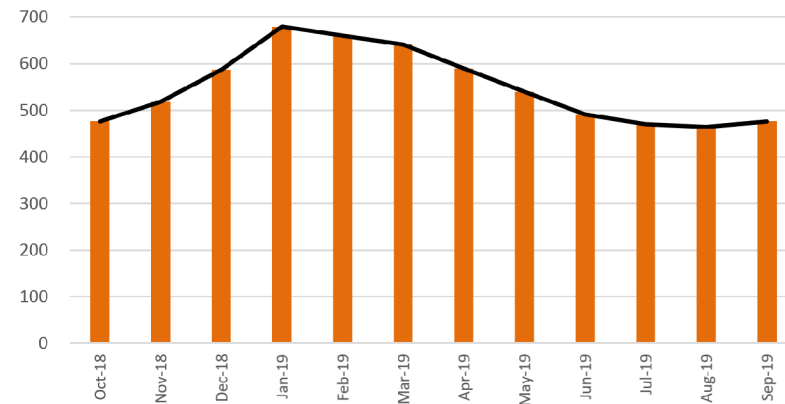
## Background

# Preference Products Detail

**Slice/Block (436 aMW, \$31.41/MWh)**



**Load Following (549 aMWs, \$35.87/MWh)**



Concept

**Section 2.2**

## Concept

# Modifications to Block Products

1. **Block choice** - Allow the utility to choose which Block option to pair with Slice (i.e. flat annual, flat monthly, monthly diurnal or monthly diurnal with shaping capacity).
2. Energy - **Refresh Block shaping factors** each rate period to better track a utility's load shape changes over time.
3. Energy/Capacity - **Remove the restriction of 60% energy maximum** in the HLH monthly diurnal period. By removing the 60% restriction, more energy could be provided in certain months better matching a utility's actual net diurnal load shape (i.e. after considering the capability of its non-federal resources).
4. Capacity - **Consider allowing shaping capacity in the LLH diurnal periods** – If a utility has LLH ramping issues for load service, LLH ramping could be beneficial.
5. Capacity - **Allow shaping capacity** up to a level that meets the utility's P90 peak load requirements

## Concept

# Modifications to Slice Product

1. Allow choice of the **Slice/Block ratio** that better fits individual utility needs
  - ✓ The current ratio is approximately 50%/50% for all customers
2. Consider allowing short-term (annual, seasonal, or rate period) Tier 1 **“Slice % Exchanges”** between customers in response to load loss/increase so long as total Tier 1 System level of Slice remains the same.
3. Consider offering shorter term **Slice “Tier 2”** products
  - ✓ Rate period, annual, or seasonal product that is incremental to Tier 1 “base” Slice.
  - ✓ Incremental Slice % of system at an incremental fixed price – provides BPA revenue certainty on secondary sales while leveraging existing Slice implementation.

## Concept

# Proposal Summary

<u>Preference Product Type</u>	<u>Current Products</u>	<u>Post 2028 Products</u>	<u>Comments:</u>
<b><u>BLOCK:</u></b>			
Flat Annul Block	Flat across all hours of the year	No Change	
Flat Monthly Block	Block shaping factors fixed for K term	Block shaping factors revised each rate period	As your load shape changes, so do your monthly Block shaping factors.
Monthly Diurnal Block (HLH/LLH)	Max 60% energy in HLH, fixed for K term	No HLH limit, revised each rate period	Block shaping factors and diurnal splits would be based upon load/resource changes.
Monthly Diurnal Block with Shaping Capacity	Shaping Capacity based upon <u>TRL</u> peak/aHLH, irrespective of non-fed resource capability, scaled to HLH Block (i.e. pro-rata share of HLH BLock)	Include non-fed resource peaking capability in the amount of monthly Shaping Capacity.	If you had a non-dispatchable resource, you would get a higher amount of monthly shaping capacity than a pro-rata share of your HLH Block amount (up to peak requirement).
<b><u>SLICE:</u></b>			
Slice/Block ratio	Same for all customers (~50%/50%)	Allow individual Slice/Block ratios	More or less "Slice capacity" based upon RA needs
Block Type	Flat monthly Block is only option (fixed for K term)	Allow customer to choose any Block option to pair with Slice (Block shapes revised each rate period)	Under TRM pricing, you pay for what you get
"Tier-2" Slice	Not available	Make available	

# Illustrative Example: Modifications to Slice/Block Product

**Section 2.3**

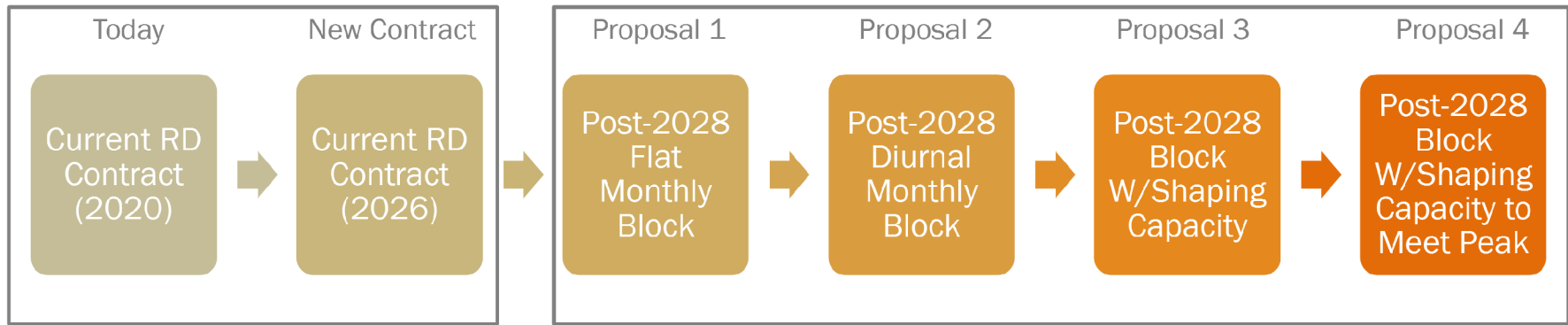
## Illustrative Example: Modifications to the Block Portion of the Slice/Block Product

### Key Assumptions

1. Customer's total allocation of current Tier 1 System remains unchanged.
  - ✓ No additional augmentation of Tier 1 System in 2028.
  
2. P-95 (1 in 20) Peak Hour load from the historical set of hourly loads covering November 2011 through July 2020 used as a proxy for Customer's Peak Net Requirement.
  - ✓ 2028 Peak Net Requirement forecast assumes average annual load growth of 0.4% from FY-21 levels (peak and average).

**Illustrative Example: Modifications to the Block Portion of the Slice/Block Product**

## Calculation Steps





## Illustrative Example: Modifications to the Block Portion of the Slice/Block Product

### Utility-Specific Examples



#### Franklin PUD

- Eastside Utility
- Summer Peaking
- Small Non-Federal Resource



#### Clark Public Utilities

- Westside Utility
- Winter Peaking
- Large Non-Federal Resource

## Illustrative Example: Modifications to the Block Portion of the Slice/Block Product

# Franklin PUD Capacity Position

		<b>Current RD Contract (2020)</b>		➔	<b>Current RD Contract (2026)</b>	
		<u>Summer</u>	<u>Winter</u> <small>Notes:</small>		<u>Summer</u>	<u>Winter</u>
	Load (aMW)	166	127 FY-20 Ex A TRL		170	130 2020 with expected load growth
	Peak Load (MW)	230	167 P-95 Peak Hr Nov-11 to Jul-20		236	171 P-95 Peak with load growth
	Non-Fed Resource (aMW)	1	1 FY-20 Ex A Firm Resource		1	1 Ex A Firm Resource
RD Slice %	Non-Fed Resource (MW)	1	1 (Assumes Flat all hours)		1	1 (Assume Flat all hours)
0.7790%	Slice (MW)	93	93 (Assumes 12,000 RTP)		93	93 (Assumes 12,000 RTP)
RD Slice/B	HLH Block (MW)	82	65 Flat Monthly - FY-20 Ex A		82	65 Flat Monthly
47%	HLH Shaping Capacity (MW)	0	0		0	0
	Total Resources (MW)	176	159		176	159
	<b>Peak Load Surplus/(Deficit)</b>	<b>-54</b>	<b>-8</b>		<b>-60</b>	<b>-12</b>

Slice RTP = 12,000 winter & summer


## Illustrative Example: Modifications to the Block Portion of the Slice/Block Product

# Franklin Capacity Position under Proposed Contract Modifications

	<b>Post-2028 Flat Monthly Block</b>		➔	<b>Post-2028 Diurnal Block</b>		➔	<b>Post-2028 Block W/Shaping Capacity</b>		➔	<b>Post-2028 Block W/Shaping Capacity to P-95 Peak</b>	
	<u>Summer</u>	<u>Winter</u>		<u>Summer</u>	<u>Winter</u>		<u>Summer</u>	<u>Winter</u>		<u>Summer</u>	<u>Winter</u>
Load (aMW)	171	131 2020 with expected load growth		171	131 2020 with expected load growth		171	131 2020 with expected load growth		171	131 2020 with expected load growth
Peak Load (MW)	237	172 P-95 Peak with load growth		237	172 P-95 Peak with load growth		237	172 P-95 Peak with load growth		237	172 P-95 Peak with load growth
Non-Fed Resource (aMW)	1	1 Ex A Firm Resource		1	1 Ex A Firm Resource		1	1 Ex A Firm Resource		1	1 Ex A Firm Resource
Non-Fed Resource (MW)	1	1 (Assume Flat all hours)		1	1 (Assume Flat all hours)		1	1 (Assume Flat all hours)		1	1 (Assume Flat all hours)
Slice (MW)	94	94 (Assumes 12,000 RTP)		94	94 (Assumes 12,000 RTP)		94	94 (Assumes 12,000 RTP)		94	94 (Assumes 12,000 RTP)
HLH Block (MW)	81	62 Flat Monthly		102	73 Diurnal		102	73 Diurnal		102	73 Diurnal
HLH Shaping Capacity (MW)	0	0		0	0		27	6 Shaped Capacity		41	6 Shaped Capacity
Total Resources (MW)	176	156		197	167		223	172		237	172
<b>Peak Load Surplus/(Deficit)</b>	<b>-62</b>	<b>-16</b>		<b>-41</b>	<b>-6</b>		<b>-14</b>	<b>0</b>		<b>0</b>	<b>0</b>

**Illustrative Example: Modifications to the Block Portion of the Slice/Block Product**

**Clark Public Utilities Capacity Position**

		<b>Current RD Contract (2020)</b>			<b>Current RD Contract (2026)</b>	
		<u>Summer</u>	<u>Winter</u> <u>Notes:</u>		<u>Summer</u>	<u>Winter</u>
	Load (aMW)	495	658 FY-20 Ex A TRL		509	677 2020 with expected load growth
	Peak Load (MW)	787	901 P-95 Peak Hr Nov-11 to Jul-20		810	927 P-95 Peak with load growth
	Non-Fed Resource (aMW)	226	242 FY-20 Ex A Firm Resource		226	242 Ex A Firm Resource
RD Slice %	Non-Fed Resource (MW)	226	242 (Assumes Flat all hours)		226	242 (Assume Flat all hours)
2.1822%	Slice (MW)	262	262 (Assumes 12,000 RTP)		262	262 (Assumes 12,000 RTP)
RD Slice/B	HLH Block (MW)	129	212 Flat Monthly - FY-20 Ex A		129	212 Flat Monthly
50% HLH Shaping Capacity (MW)		0	0		0	0
	Total Resources (MW)	617	715		617	715
	<b>Peak Load Surplus/(Deficit)</b>	<b>-170</b>	<b>-186</b>		<b>-193</b>	<b>-212</b>

Slice RTP = 12,000 winter & summer

## Illustrative Example: Modifications to the Block Portion of the Slice/Block Product

# Clark Public Utilities Position under Proposed Contract Modifications

	Post-2028 Flat Monthly Block		Post-2028 Diurnal Block		Post-2028 Block W/Shaping Capacity		Post-2028 Block W/Shaping Capacity to P-95 Peak	
	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter
Load (aMW)	513	682 2020 with expected load growth	513	682 2020 with expected load growth	513	682 2020 with expected load growth	513	682 2020 with expected load growth
Peak Load (MW)	817	935 P-95 Peak with load growth	817	935 P-95 Peak with load growth	817	935 P-95 Peak with load growth	817	935 P-95 Peak with load growth
Non-Fed Resource (aMW)	226	242 Ex A Firm Resource	226	242 Ex A Firm Resource	226	242 Ex A Firm Resource	226	242 Ex A Firm Resource
Non-Fed Resource (MW)	226	242 (Assume Flat all hours)	226	242 (Assume Flat all hours)	226	242 (Assume Flat all hours)	226	242 (Assume Flat all hours)
Slice (MW)	262	262 (Assumes 12,000 RTP)	262	262 (Assumes 12,000 RTP)	262	262 (Assumes 12,000 RTP)	262	262 (Assumes 12,000 RTP)
HLH Block (MW)	142	189 Flat Monthly	183	230 Diurnal	183	230 Diurnal	183	230 Diurnal
HLH Shaping Capacity (MW)	0	0	0	0	79	60 Shaped Capacity	145	202 Shaped Capacity
Total Resources (MW)	630	692	671	733	751	793	817	935
	<b>-187</b>	<b>-243</b>	<b>-145</b>	<b>-202</b>	<b>-66</b>	<b>-141</b>	<b>0</b>	<b>0</b>

## Post-2028 Slice

### Next Steps for Continuing Post-2028 Dialogue

1. BPA provides feedback
2. SIG group incorporates BPA feedback and refines concepts
3. Identify date for follow up meeting
4. Expect this to be a standing item in future SIG meetings



# PPC Executive Committee Briefing

John Hairston – Sept. 3, 2020



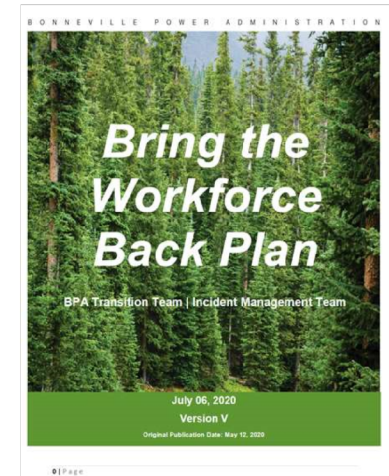
# COVID-19 Response: Bring the Workforce Back Plan

Plan is designed to protect our workforce and accomplish our mission during the pandemic.

- ✓ Based on BPA's Pandemic Influenza Response Plan, which was in place before the COVID pandemic.
- ✓ Aligned with the federal government's Opening Up America Again Guidelines.
- ✓ Consistent with DOE and state (WA, OR, ID, MT) guidelines.

To accomplish our mission and protect the workforce, BPA grouped workers into three groups and two special categories:

Pandemic Response Level	Mission Essential Personnel	Non-teleworks	Teleworks	Vulnerable employees (CDC)	Employees affected by dependent care
PRL-4	Work on site (special Protections)	Work stopped, only emergency repairs	Must telework	Telework if they can or WLS status	Telework and flexible work rules in place
PRL-3		Emergency Repairs and Critical work e.g. urgent reliability work			
PRL-2A					
PRL-2B		Normal on-site work	Some may work on-site, up to 25% capacity		
PRL-1	Normal workplace rules apply				





# BPA 2018–2023 Strategic Goals

## #1

### STRENGTHEN FINANCIAL HEALTH

- Cost management progress: \$230m below inflation since FY18.
- Focus going forward: Build reserves by beating cost and revenue targets.

## #3

### PROVIDE COMPETITIVE PRODUCTS & SERVICES

- Efforts to manage costs mean low rate increases.
- Increased power revenues by identifying new market opportunities for clean energy and capacity.
- Focus going forward: Formulating a multi-year plan to secure follow-on power sales agreement.

## #2

### MODERNIZE ASSETS & SYSTEM OPERATIONS

- Grid modernization & significant progress in use of BPA's asset base.
- Focus going forward: Expand criticality, health and risk capabilities for efficient decision-making and strategic planning.

## #4

### MEET CUSTOMER NEEDS EFFICIENTLY & RESPONSIVELY

- Through 2 years of TSEP, offered 1,400 MWs of transmission service requests without the need to build.
- Implemented and offered a conditional firm process.
- Focus going forward: Further align Network dialogue and agency load and resource forecasting, reducing customer touchpoints.

## #5

### VALUE PEOPLE & DELIVER RESULTS

- Commitment to build an inclusive culture where everyone can thrive and a workforce with the capabilities to deliver on our mission and strategy.

**GRID MOD**

**35**  
PROJECTS  
ACROSS BPA



AUTOMATION



IMPROVED  
ACCURACY



ENHANCED  
VISIBILITY



**1.**  
**Support a More  
Reliable, Efficient and  
Effective System**

**2.**  
**Reduce  
Future Costs**

**3.**  
**Create New  
Market Opportunities**

# BP-22 Rates and Tariff

## Power Rates

Preliminary estimate: 2–4% (4% includes FRP Surcharge); average of 1–2% per year.

Primary driver:

- Non-IPR cost increases from Residential Exchange

IPR costs are flat to BP-20 levels.

Considering options for reducing dependence on secondary revenues for cost recovery.

## Transmission Rates

Preliminary estimate: 8%, average of 4% per year.

Drivers include:

- Expiration of the use of financial reserves for the BP-20 settlement.
- Modest increases in IPR costs for IT and wage inflation.

## Transmission Tariff

Tariff process is running concurrently with BP-22.

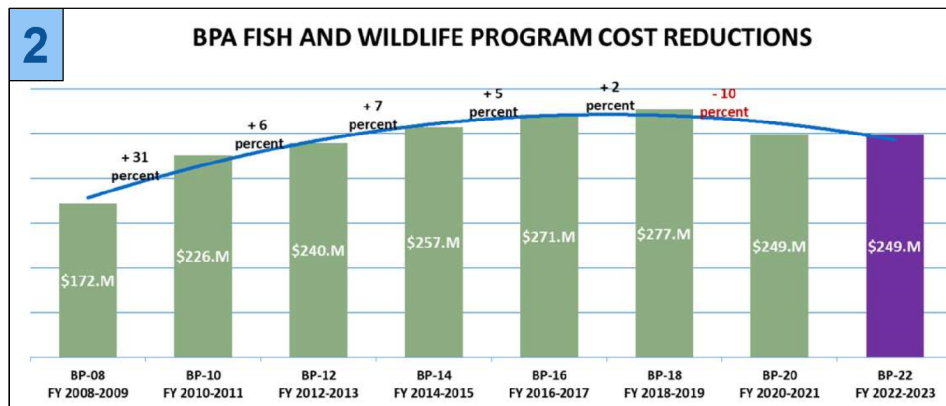
Establishing needed policy and implementation details for BPA's possible participation in the EIM.

BPA has engaged the region in discussions a year in advance of the preparation and release of the Initial Proposals.

# Environment, Fish and Wildlife

## Three key issues

### 1 Columbia River System Operations EIS Process



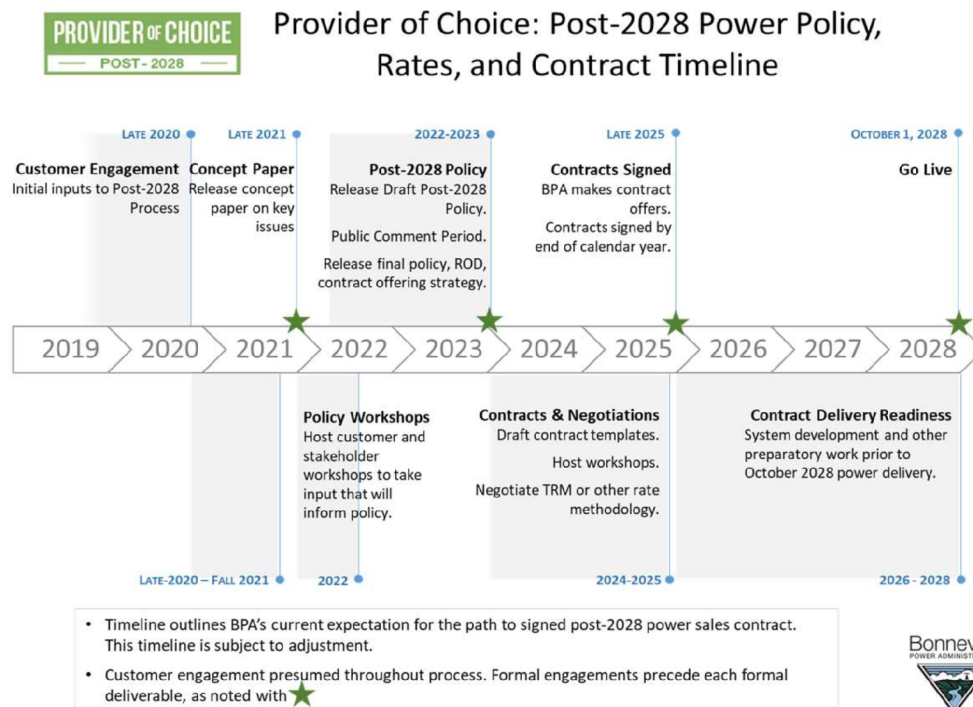
Discussing short-term extensions with existing parties.

Exploring long-term agreements.

# Post-2028 Contracts



- BPA has formally kicked off its “Provider of Choice” (post-2028 contracts) initiative.
- **Customer-Centric Engagement:** Initial phase of conversations served to identify elements of current contracts that are working well, identify elements that bear improvement, and gain insight into what customers value most in future contracts.
- **Summary Report:** BPA is evaluating feedback and will compile findings in a “Summary Report” to be released this fall. Continued customer conversations will confirm/clarify findings and take feedback from customers we have not yet heard from.
- **Website Launch with Educational Materials:** Developing a series of fact sheets to help customer leadership better understand today’s products and services. Materials and other resources are available on BPA’s new “Provider of Choice” website: <https://www.bpa.gov/providerofchoice/Pages/provider-of-choice.aspx>
- **Next Steps:** Early 2021, begin formulation of a policy framework. A “concept paper” is targeted for late 2021. From there, BPA will plan for a path toward contract offers in 2025.



From: Bryan Case

Sent: Wed Sep 09 10:03:01 2020

To: jhairston@bpa.gov

Cc: Cook,Joel D (BPA) - P-6; Cook,Jeffrey W (BPA) - TP-DITT-2; Kitali,Salah H (BPA) - TP-DITT-2; Garrett,Paul D (BPA) - PSS-6; Ken Dizes (ken@srec.org); Alan Skinner (askinner@sodaspringsid.com); brad@lrecoop.com; Jim Webb; BPrairie@ifpower.org; Roger Gray; Thompson,Kim T (BPA) - PS-6; Hobson,Claire A (BPA) - PSW-6; DeClerck,Angela (TFE)(BPA) - TSE-TPP-2

Subject: [EXTERNAL] Fall River Support of the B2H/BPA/Idaho Power Agreement Concept

Importance: Normal

Attachments: image001.png; Fall River letter to BPA on B2H\_Idaho Power Post 2028 Commitment.pdf

This time with an attached letter! Thank you for the heads up Claire.

Bryan L. Case

CEO/General Manager

Fall River Rural Electric Cooperative

**Office (208)652-7431**

**Cell (b)(6)**

***“Where Service Matters”***

**From:** Bryan Case

**Sent:** Wednesday, September 9, 2020 10:41 AM

**To:** jhairston@bpa.gov

**Cc:** Cook, Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cook, Jeffrey W (BPA) - TP-DITT-2 <jwcook@bpa.gov>; shkitali@bpa.gov; Garrett, Paul D (BPA) - PSS-6 <pdgarrett@bpa.gov>; Ken Dizes (ken@srec.org) <ken@srec.org>; Alan Skinner (askinner@sodaspringsid.com) <askinner@sodaspringsid.com>; brad@lrecoop.com; Jim Webb <jim@lvenergy.com>; BPrairie@ifpower.org; Roger Gray <RGray@pngcpower.com>; ktthompson@bpa.gov; cahobson@bpa.gov; DeClerck, Angela - TSE-TPP-2 <ardeclerck@bpa.gov>

**Subject:** Fall River Support of the B2H/BPA/Idaho Power Agreement Concept

Acting Administrator Hairston,

Fall River is supportive of further investigation into the seeing the B2H transmission line completed and a portion of the capacity dedicated to deliver energy and capacity to BPA customers in southern and SE Idaho. We have been interested in finding the least cost option to serve BPA customers and this seems to be the least cost long term option available. In expressing support for a long term transmission solution we also have some hopes and expectations we have included in the attached letter.

We appreciate the time BPA has devoted to finding a lasting least cost transmission solution and look forward to updates on your progress.

Thank you,

Bryan L. Case

CEO/General Manager

Fall River Rural Electric Cooperative

**Office (208)652-7431**

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***“Where Service Matters”***



# Fall River Electric

Cooperative, Inc.

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September 8, 2020

VIA ELECTRONIC MAIL

John Hairston  
Interim BPA Administrator  
Bonneville Power Administration  
Portland, OR 97232

Re: BPA's participation in Boardman to Hemingway (B2H) & proposed agreement with Idaho Power

Dear John Hairston,

BPA has approached the 6 public power entities in SE Idaho/Wyoming and asked that we let BPA know if we are able to support BPA moving forward with a possible deal with Idaho Power to assume BPA's financial stake in Boardman to Hemingway (B2H). The request was in exchange for Fall River's and the others commitment to pay for transmission costs post 2028 if we choose to not purchase power from BPA after our current contracts expire. BPA indicated that if we chose not to support the proposed plan, they would continue to provide transmission service through 2028 and beyond if we still purchased BPA power. BPA would not likely pursue the Idaho Power agreement without a long-term commitment. We understand that at this point BPA is just looking for a general letter of support without a full commitment or contract.

Our short answer is that Fall River is open to and supportive of BPA exploring options, such as BPA assigning its B2H stake to Idaho Power, but the "devil is in the details." Fall River would like to offer some historical context for how things have evolved over here in SE Idaho/Wyoming with respect to transmission, as well as some fundamental principles and needs we have for how we would assess supporting (or not supporting) BPA's conceptual proposal.

The conceptual proposal in front of us now is somewhat like the history of BPA relying on IOUs like Idaho Power and PacifiCorp to reach preference customers like Fall River and others in SE Idaho/Wyoming. Rather than BPA building its own transmission lines to reach us, BPA relied on IOUs to reach us. The basic argument in favor of these arrangements was that it was much less expensive for BPA to buy or exchange services from the IOUs than to build new BPA lines. These arrangements led to the "transfer service", a power product we have and depend on today. Whether Fall River buys federal or non-federal power now or in the future, we depend on the legacy of the transfer service for transmission. This legacy is captured in one of the principles listed below.

Today, Fall River is not able to select or commit to BPA or non-BPA power for our post-2028 power supply. There is no specific BPA offer yet for us to consider. We think the amount of BPA power available and the price and terms will be key factors. Regardless of whether we buy federal (BPA) or

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*Where Service Matters.*

non-federal power, we need transmission to deliver our power to load. We see our current transmission service arrangements with BPA as linked to loads (i.e. our service area) and resources of all kinds and not solely linked to federal (BPA) power. The bottom line is that we need power supply and transmission. We also support adequate and economic expansion of the regional transmission system to meet load reliably. Our understanding is that B2H has been determined to be a critical part of the regional transmission system that the entire region needs, and not just 6 BPA customers located in SE Idaho/Wyoming.

If the B2H line is deemed as essential to the greater NW region for reliable and economic service, then it should be built regardless of ownership. If it makes the best operational, planning, and financial sense for BPA to transfer its ownership interest in B2H to Idaho Power, then Fall River supports better operational, planning, and financial decisions. However, if the motivation to transfer B2H is because BPA does not have adequate capital or intends to “drop” SE Idaho/Wyoming customers, or the construct of transfer service, then we likely would not support such an ownership interest transfer.

We understand that BPA, Idaho Power and BPA customers like Fall River all want more certainty of power supply and transmission service post-2028 including understanding related to transmission access, rates, and cost recovery. Those are all reasonable needs and Fall River is committed to dialogue on this topic to provide all parties concerned more certainty.

We want to understand BPA’s and Idaho Power’s interests and needs related to transmission including B2H in a post-2028 world. For now, Fall River offers the following lists of principles and needs that we would want to explore as part of this discussion:

- BPA follows statutory and regulatory requirements and recognizes the history of how transmission service to SE Idaho/Wyoming has come to exist. Specifically, however ownership of B2H and whether Fall River buys federal or non-federal power in the future we want certain and reasonable terms and conditions. We do not think an appropriate or reasonable outcome results in “transmission rate pancaking.” We think this is a central issue for the future in general and must be addressed in any discussion related to B2H. Agreeing to B2H absent an overall transmission construct is too uncertain.
- BPA continues to assist Fall River with operating and maintaining our 115 KV transmission facilities and provide WECC/NERC/FERC reporting requirements on those systems. These services are valued by Fall River and we need to know if BPA’s concept to transfer B2H interests is an indication of bigger changes or not.
- Allows Fall River to use under OATT tariffs, BPA’s transmission system (or others) to deliver power from our generation to PacificCorp.
- Allows Fall River to access different future resources and power supplies and suppliers in the future.

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- Develops transmission access term and prices that are more certain and are not expressly linked to power supply (i.e. accommodates federal and non-federal power supplies and avoids transmission rate pancaking)
- Provides price certainty in the future BPA power and transmission agreements, or at least provides off ramps. We recognize that BPA has not developed post-2028 terms. Based on BPA's current power prices, BPA's strategic plan and the carbon-free nature of BPA power we expect to sign up for BPA power, but that is not a "blank-check" and BPA may not have enough power to meet all of the regional customer demands.
- Offers various terms for customers to pick from based on price commitments and certainty – 2 yr., 5 yr., 10 yr., 15 yr. and 20 yr.
- Fall River is open to outcomes that make the best operational, planning, and financial sense. As an aside, we think if B2H was considered in the context of a regional RTO/ISO it might begin to make things more straight-forward. While we do not have a regional RTO/ISO today, Fall River (and many BPA customers) depend on a "virtual RTO/ISO" that BPA has essentially created through things like load following service and transfer service. These valuable and essential services need to continue either through BPA (virtually and contractually) or through a new regional RTO/ISO. If either of these models (virtual or new regional) exists, then B2H ownership is almost an agnostic issue in our judgment. In contrast, there is almost no B2H ownership model that works if we revert to a balkanized bilateral transmission system. We think this is the central "construct" issue that must be resolved to address B2H going forward. Not only would this provide more certainty for Fall River, we think it will also provide more regulatory cost recovery certainty for owners whether it is BPA or Idaho Power.

Fall River is very interested in further discussion with BPA, Idaho Power, the other 5 SE Idaho/Wyoming public power customers and frankly all BPA public power customers to create more certainty and balanced terms for all parties. We think if parties can achieve some basic understandings about the future big picture, that matters related to who owns B2H become much easier to deal with. We have no automatic preference or bias for, or against BPA, Idaho Power or another party owning B2H if the overall construct is fair. We think our principles and needs listed above represent the kinds of things Fall River will want to see and we are interested in hearing from other parties to address their needs and interests as well.

Sincerely,



Bryan Case

CEO/General Manager

Fall River Rural Electric Cooperative, Inc.

CC Joel Cook  
Claire Hobson  
Roger Grey  
Angela DeClerck

Kim Thompson  
Paul Garrett  
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