

To: Planned Product Customer Group

From: Provider of Choice team, Bonneville Power Administration

Date: April 30, 2024

RE: Planned Product Customer Group – Slice Proposal Framework Follow Up Questions

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Bonneville has prepared a set of questions for the Planned Product Customer Group (PPG) in response to the Slice/Block product design proposal presented at the Provider of Choice Workshop on April 25, 2024. Bonneville requests that the PPG address Bonneville's critical concerns so that Bonneville can determine the viability of the PPG Slice product proposal for further development.

This document differentiates between critical concerns and additional questions which will further promote understanding. Bonneville requests that the PPG support answering the additional questions posed below. Bonneville will designate workshop time to revisit this topic on May 7 and/or May 15, 2024.

## Critical Concerns

1. **Load Service.** Bonneville is concerned that the Planned Product Group concept, as presented, seems divorced from load service. Please describe how Bonneville provides electric power to meet a customer's net requirements under the proposed concept.
2. **Resource Adequacy and Sufficiency.** Bonneville is concerned about how resource adequacy and sufficiency is addressed under the proposed construct. Please describe whether/how the product would contribute to a customer demonstrating that it is resource adequate or sufficient to the market.
3. **Market Alignment.** Bonneville seeks to better understand implementation across markets, as this is a critical concern given multiple BAs and markets that must be accounted for in Bonneville's service territory. Please describe if this product/concept is stand alone or if it is contingent on a specific market implementation. How would we address customers in other markets or no market? And, what would the fallback position be, should market timing or decisions misalign with contract deliveries or if the market tariff changes? Would the contract include a provision requiring updates to timeframes if there are market timing changes?
4. **Cost Shifts.** Bonneville remains focused on the effects of shifting costs across products. Please describe how Bonneville would avoid or address cost shifts and ensure equitable cost allocations across customers without pushing inordinate complexity into rate making or other processes with this concept.
5. **Allocation of power.** Bonneville does not allocate power and is concerned that the proposal states that customers would receive a % allocation of actual capacity volume and energy dispatch. Please address: does this comport with today's Slice of the system, which is not an allocation of power from specific FCRPS projects?

6. **Static percent of resource(s) / system.** Bonneville is concerned that the customer's concept could result in systematically over- or under-crediting Slice/Block customers for value caused by or derived from non-Slice obligations and/or resources tied to serving non-Slice purposes. How would a predefined percentage of market settlements from specific resources or a system of resources be a workable mechanism given the dynamic obligations and resources BPA will administer? BPA will have a fixed amount of power it will sell at a Tier 1 rate, 'off-the-top' system obligations, Tier 2 obligations that can change with time and customer elections, and the potential for obligations at NR and IP rates. BPA will also have surplus available to market on a forward basis or via the Day Ahead Market. BPA's system of resources from which all obligations will be met will comprise the existing FCRPS as well as potential new resources and contracted-for resource output or capabilities. How would the customer's proposal ensure that appropriate value is derived from the Slice product?

## Questions

1. **Slice %.** Please elaborate on the customer proposal to determine the Slice percentages.
2. **FCRPS value.** How would Slice be reframed as a matter of cost towards a % share of FCRPS value? BPA is obligated to supply electric power to serve net requirements load at rates that recover BPA's costs.
3. **Obligations.** What are the energy and capacity obligations that would be placed on Bonneville? How does that fit in a customer's portfolio?
4. **WRAP Obligations and Slice.** What reliance on the BPA (Slice/Block) product would the customer have for WRAP purposes? Please describe the QCC values that a Slice customer would submit to WRAP as part of:
  - a) forward showing,
  - b) as Part of the Operation Program (Multiday and Operating Day),
  - c) and what, if any, share of BPA resources would be used to serve Holdbacks/Energy Deployment and how?
5. **Meeting Load.** How will this product meet customer load and how will it tie back to the Block portion?
  - a) Do customers plan to use Slice to meet any load?
  - b) How would the CIR model accommodate the Block portion of Slice product? E.g. Is there a floor amount that can be established with a % on top? Or alternatively, how would you propose BPA administer the block component outside of the CIR set up?
6. **RSO test or future equivalent.** How would the RSO test be calculated? Do you envision that it be similar to our process today?
7. **Slice and Must-offer Obligation.** In the MOO, what specific value is a Slice customer receiving capacity credit for (of the bid range)? And how does that capacity amount compare to max capability under current constraints under RD Slice?

8. **Product and Rates.** What is the PPG thinking on establishing rates for this Slice product?
  - a) How does the Slice True-Up relate to the customers' concept for Slice?
  - b) Would Slice costs evolve to include a share of transmission expenses for surplus sales? Why or why not?
9. **BPA Market Offers and Operational Visibility.** As described, Bonneville would have complete determination over BPA offers into the market.
  - a) What makes the concept's proposers comfortable with this approach?
  - b) Would / how would the customers determine an "advisory" offer shape? What terms in a contract do you think are needed? Would it be subject to dispute resolution if there are disagreements?
  - c) What are customer expectations or needs driving customer requests for visibility into BPA's operation via the SCA?
  - d) What data do customers expect out of the Slice Computer Application, and at what level of granularity / frequency / timing?
  - e) What implication, if any, does this have on BPA's timing for finalizing its bid curves?
10. **Product with other services.** How do you envision a customer using the Slice Product together with other services?
11. **GHG Pricing.** How would this concept work in the context of GHG pricing zone modeling (WA vs. non-WA customers)?
12. **Customers market actions.** How would a Slice customer's resource offers to the day-ahead market be impacted by the Slice product?
13. **Sales to IOUs.** How would the re-envisioned Slice product implicate potential firm power sales under section 5(b) of the NPA to IOUs?