



Provider of Choice Workshop Non-Federal Resources

May 7, 2024

PROVIDER OF CHOICE

**POST
2028**





April 25 Follow Up

Follow Up –Standards for Resource Declarations

- Any open questions from April 25 workshop on Standards for Resource Declarations?
- Contact Power AE or Post2028@bpa.gov regarding:
 - Suggestions or approaches on Standards for Resource Declarations
 - Specific requests for BPA to evaluate changes to existing Exhibit A amounts. Data will need to be provided.
- **Timeline:**
 - Suggestions or approaches for the Standards for Resource Declarations by September 30, 2024.
 - BPA will post a draft of the Standards for Resource Declarations by Winter 2024/2025 and provide a comment period before finalizing.
 - Requests for specific changes to existing Exhibit A amounts should be sent to BPA by October 31, 2024.



New Resources vs Existing Resources

Objective

- Review Bonneville proposal for existing v. new resource determination date.
- Discussion whether there is alignment on approach.



Background

- For purposes of a tiered rate construct, there is a distinction between ‘Existing’ Resources and ‘New’ Resources.
 - **Existing Resources** are applied to load that is otherwise served with power priced at the PF Tier 1 rate.
 - **New Resources, under Regional Dialogue, are applied to Above-CHWM load** that would otherwise be served with power priced at a PF Tier 2 rate.
- **Under Regional Dialogue, the determination date for a non-federal resource to be considered ‘Existing’ was September 30, 2006.**
 - Any resource that was dedicated to load in the Subscription Contract as of September 30, 2006, was determined to be ‘Existing’ and applied to the CHWM calculations (which took place in 2011).

Provider of Choice Draft Policy

- In the draft Policy, Bonneville suggested that new resources would be resources added after 2028.
 - Commenters responded with varied perspectives from maintaining the current definition to some earlier date. Little support for 2028.
- In the final Policy, Bonneville removed a recommendation for a determination date and signaled it would discuss this issue during the policy implementation phase.

Provider of Choice Approach

- Bonneville appreciates the logic used under Regional Dialogue of aligning the determination date for Existing Resources with the CHWM non-federal resource date.
- Clear reasoning for considering a resource 'Existing' for purposes of offsetting the Tier 1 rate which is based on costs associated with the 'existing federal system'.
- Provides straightforward understanding and implementation.

Determination Date

- Bonneville plans to use **September 30, 2023, as the determination date** for Existing Resources versus New Resources.
- Any Specified Resource dedicated to serve load prior to September 30, 2023, will be considered an Existing Resource.
- Any non-federal resource dedicated to serve load after September 30, 2023, will be considered a New Resources.
- **Date aligns with** using FY 2023 for the index year for loads and non-federal resources in **CHWM calculations**.
- Provider of Choice contracts include new provision for New Resource development (that meet certain criteria), even for customers with no load growth.



DISCUSSION

**Existing v. new resources
determination date of
September 30, 2023:**

*Any considerations
or concerns?*



Non-federal Resource Allowance

Objective

- Clarify non-federal resource allowance.
- Review examples of how allowance would be implemented.



Non-Federal Allowance

- Bonneville **committed to include a non-federal resource allowance in the Provider of Choice contracts** that allows customers to add New Resources to offset Tier 1 take-or-pay obligations.
- Provides flexibility to add certain non-federal resources even if loads are not growing.
- **Limitations to the total allowance granted ensures that one customer's resource decisions do not create significant cost shifts in the Tier 1 cost pool.**

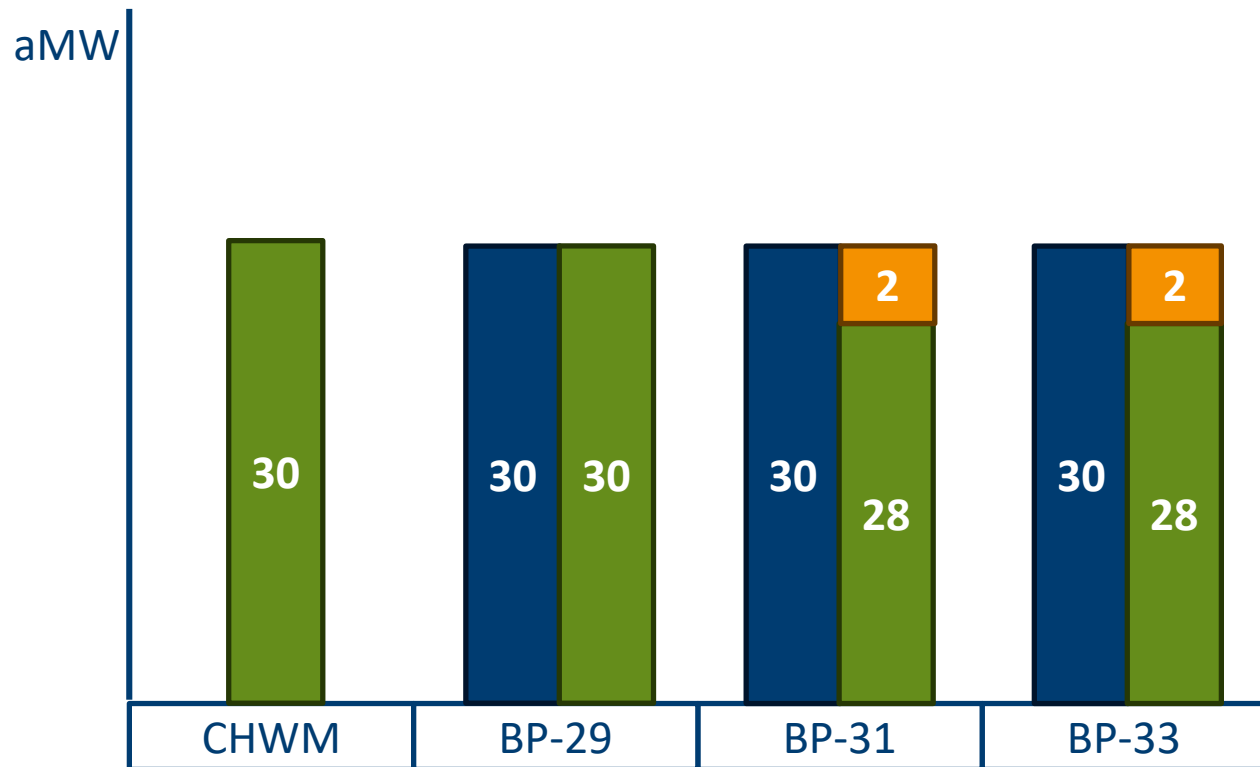
Non-Federal Allowance Conditions

- Allowance resources must meet the following criteria:
 - Aggregate nameplate capacity of 5 megawatts (MWs) or 50% of customer's CHWM, whichever is less.
 - Connected to a customer's or a joint operating entity's utility member's distribution system. (If the distribution within a customer's area includes higher voltage systems that primarily serve only that customer's loads and resources, resources connected to such systems will be eligible for the non-federal resource allowance.)
 - Dedicated under the customer's Provider of Choice contract.
 - Market purchases, or unspecified resources, will not be eligible for this allowance.
- One-time election as to whether the New Resource will be used towards the allowance or to serve Above-CHWM load.
- Will not require Resource Support Services (RSS)
 - Could be subject to any additional capacity costs created by the addition of such resources.

Non-federal Allowance Examples

- **Four examples:**
 1. Flat (non-growing) Load.
 2. Headroom and Load Growth.
 3. Above-CHWM and Load Growth.
 4. Above-CHWM and Load Declines.
 5. Adding Resources Over Time (Based on Example 2).
- **Examples assume that non-federal resource allowance results in 2 aMW of offsetting Tier 1 take-or-pay obligation.**

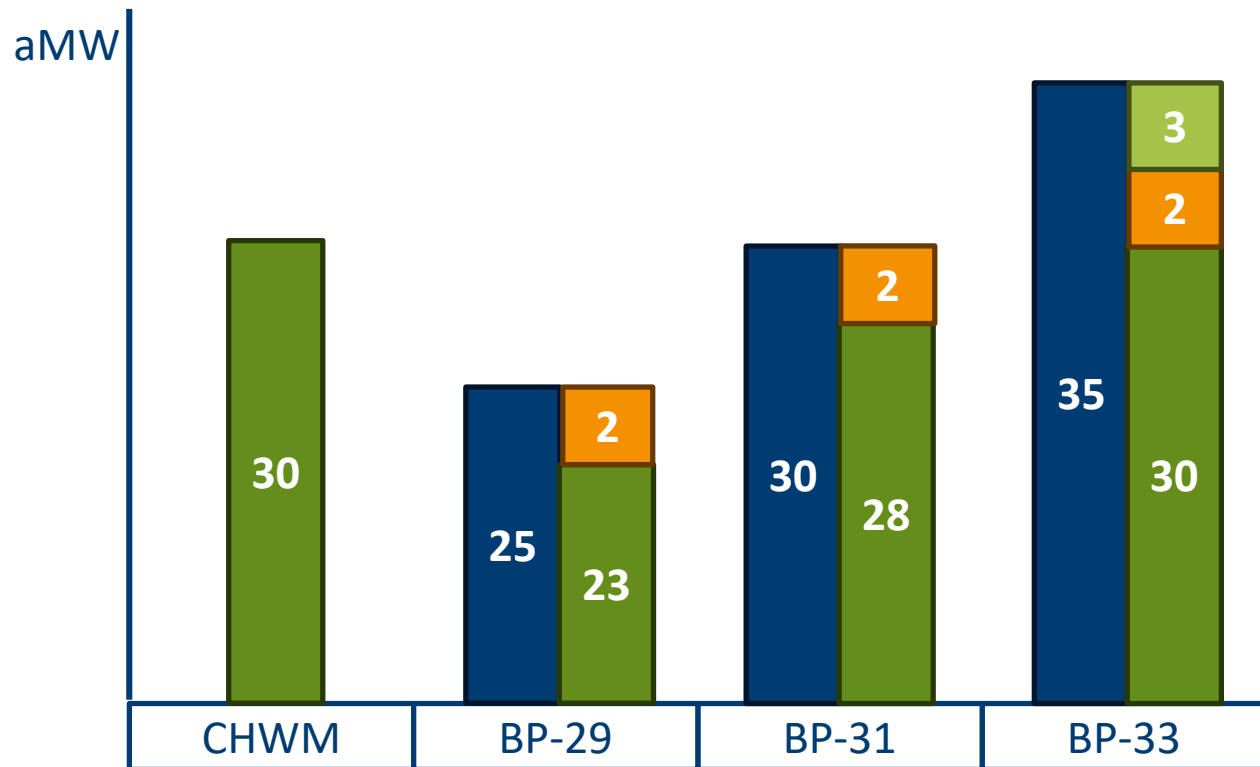
Non-federal Allowance Example 1



Example: Flat Load

- Customer adds resources to utilize allowance for BP-31.
- Allowance offsets Tier 1 take-or-pay obligation starting in BP-31 and every rate period thereafter.

Non-federal Allowance Example 2

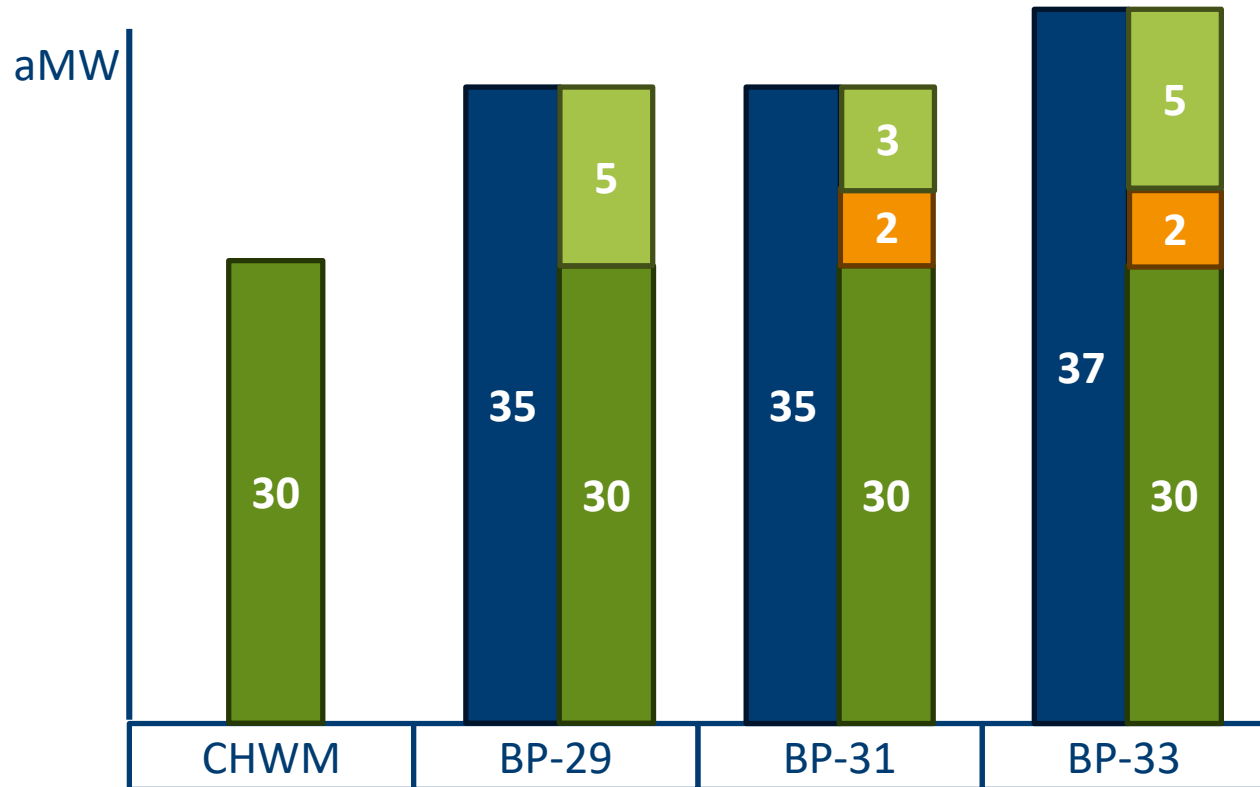


Example: Headroom and Load Growth

- Customer starts with headroom in BP-29, and uses 2 aMW of allowance in first rate period further reducing amount of power needed at PF Tier 1 rate.
- In BP-31, customer grows to CHWM load but allowance offsets 2 aMW of Tier 1 take-or-pay obligation.
- In BP-33, customer grows again and receives power at a Tier 1 rate for its full CHWM amount. Allowance offsets take-or-pay obligation.



Non-federal Allowance Example 3

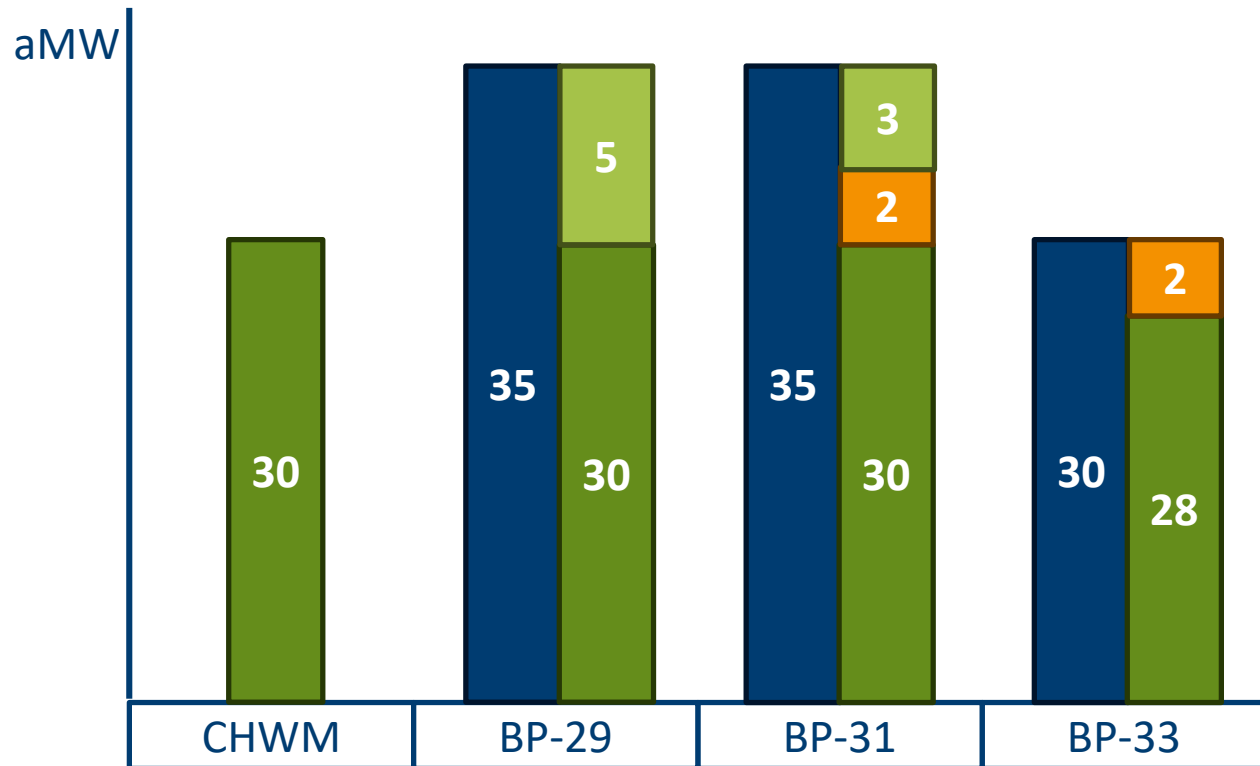


Example: Above-CHWM and Load Growth

- Customer begins the contract period with Above-CHWM load but no allowance resources.
- In BP-31, customer adds allowance resources and reduces Above-CHWM exposure.
- In BP-33, customer grows and Above-CHWM exposure increases.



Non-federal Allowance Example 4

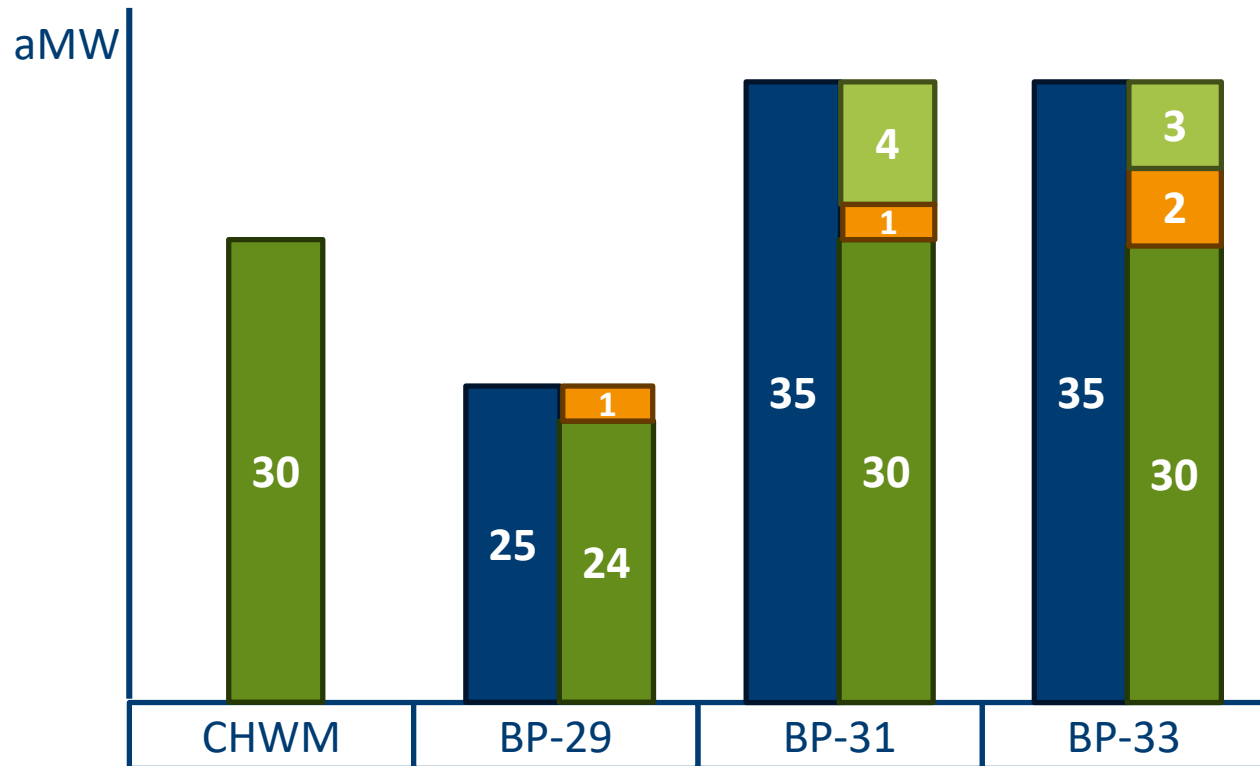


Example: Above-CHWM and Load Declines

- Customer begins the contract period with Above-CHWM load but no allowance resources.
- In BP-31, customer adds allowance resources and reduces Above-CHWM exposure.
- In BP-33, customer loses load and no longer has any Above-CHWM load exposure. The allowance offsets the customer's Tier 1 take-or-pay obligation.



Non-federal Allowance Example 5



Example: Adding Resources Over Time

- Customer starts with headroom in BP-29 and uses half of their allowance in first rate period, further reducing amount of power purchased at a PF Tier 1 rate.
- In BP-31, customer grows to CHWM load but allowance reduces Above-CHWM exposure.
- In BP-33, customer uses remaining half of their allowance and reduces their Above-CHWM exposure.





DISCUSSION

For non-federal resource allowance topic, Bonneville intends to move it into contract redlines.

Any details you think are missing?