



Department of Energy

Official File

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

EXECUTIVE OFFICE

March 21, 2024

In reply refer to: A-7

Subject: Final Provider of Choice Policy and Record of Decision

Dear Power Customers and Interested Parties:

I am pleased to share the Bonneville Power Administration's (Bonneville) final Provider of Choice Policy (Policy). The Policy sets the framework for developing new long-term power sales contracts for supplying products and services that will replace current offerings beginning October 1, 2028. The Policy and its accompanying record of decision (ROD) reflect years-long regional engagement on important policy issues. I want to thank everyone who participated in the Policy development or submitted comments; your engagement was vital to reaching this significant milestone.

From the outset of this process, we committed to being responsive to our customers' evolving needs while working within the framework of Bonneville's statutes. Based on extensive input and engagement in the policy phase, we made significant shifts from the initial concepts released in July 2022 relative to the draft Policy we released a year later.

The final Policy reflects further modification and fine-tuning in response to more than 80 sets of comments submitted during the draft Policy comment period. Bonneville also received over 16,800 form letters that are considered in our response. We carefully considered all comments and the hundreds of issues they covered as we deliberated on the final Policy. Those deliberations resulted in dozens of Policy adjustments and clarifications, both large and small. The ROD explains Bonneville's positions and rationale to adopt or not adopt Policy changes proposed in the comments.

At the heart of the Policy is the decision to continue Bonneville's tiered rate construct, which seeks to protect the value of the existing federal system from unbound acquisition costs, and to insulate customers from costs associated with other customers' resource choices. These tenets underpinned many of our deliberations about changing proposed policy positions. For example, while commenters proposed additional flexibility to acquire non-federal resources beyond those described in the draft Policy, we weighed whether those proposals would erode the benefits of tiered rates. Ultimately, I believe this Policy represents a balanced approach that offers customers new opportunities to develop non-federal resources while staying true to the central tenets of tiered rates.

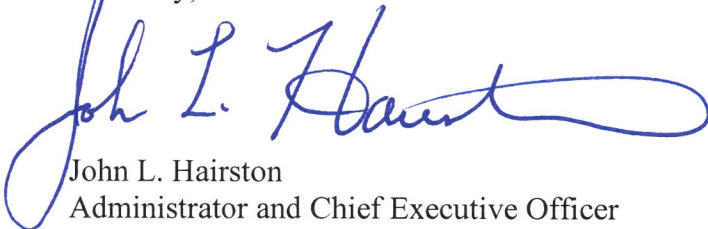
The comments make clear that the region's energy sector is facing significant change. From expected load growth to new regulations and emerging markets, these changes create uncertainty

about how utilities will meet their load obligations. This Policy creates a durable framework that provides certainty about the load service customers can expect from Bonneville while enabling them to navigate the changes the region will face. For example, the Policy shifts how Bonneville conveys emissions attributes to better align with utility reporting requirements, which was in direct response to customer requests.

While the release of the Policy signifies an important milestone in the Provider of Choice process, much work remains. In April, a series of policy implementation and contract development workshops will begin to develop details about the products and services outlined in the Policy. We recognize that developments following the closure of the draft Policy comment period in October 2023 could have caused sentiments to shift from those represented in comments. The Policy and ROD reflect only those comments received during the formal comment period. However, we are willing to consider discussing those shifts in positions as part of our next phase.

I remain committed to working with all interested parties to develop well-designed offerings that will best meet our utility customers' needs during the Provider of Choice contract period. I look forward to your continued engagement in the months ahead as we work toward our goal of executing contracts by December 2025.

Sincerely,

A handwritten signature in blue ink that reads "John L. Hairston". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

John L. Hairston
Administrator and Chief Executive Officer