



Eugene Water & Electric Board

THE CASE FOR INVESTING IN CONSERVATION NOW

BPA's High Water Mark (HWM) Calculation Method

1. BPA Forecasts 2010 Utility Loads and Resources For All Utilities
2. BPA Calculates Utility Net Requirements
3. BPA Allocates the FBS Proportionally to Actual Net Requirements in 2010

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BPA's High Water Mark (HWM) Calculation Method

4. For Each Utility, Add Back FBS Allocation Equal to Conservation Installed 2007 – 2010

5. Ratio Back the All Allocations so that Sum of All New Allocations Equals the Actual FBS Available

BPA's Conservation Adjustment

- BPA Will Add Back DSM Installed Between 2007 – 2010
 - Utility Funded added back one for one
 - BPA Funded (Rate Credit, etc.) 0.75 for one
- All Conservation Must Be Reported to BPA to Qualify for Add Back
- All Conservation Must Also Meet BPA Specifications for Acceptability.

Example Utility: Three Optional Approaches

- Utility Load : 300 aMW
- Utility Owned Generation : 90 aMW
- Possible DSM to Install by 2010 : 10 aMW
- Options
 - No DSM
 - Install DSM Before End of 2010
 - Wait and Install DSM After HWMarks Set

	No DSM	DSM Now (10 aMW) Pre Allocation	DSM Later (10 aMW) Post Allocation
Load by End of 2010	300	290	300
Resources	90	90	90
Net Requirements	$300 - 90 =$ 210	$290 - 90 =$ 200	$300 - 90 =$ 210
DSM Add-Back	$210 + 0 =$ 210	$200 + 10 =$ 210	$210 + 0 =$ 210
Adjusted Individual HWM	210	210	210

	No DSM	DSM Now (10 aMW) Pre 2011	DSM Later (10 aMW) Post 2011
Reduction in all HWMs to Match FBS (95.2 %)	$210 \times .952 = 200$	$210 \times .952 = 200$	$210 \times .952 = 200$
Difference: Net Requirement vs. Adjusted HWM	$210 - 200 = 10$	$200 - 200 = 0$	$210 - 200 = 10$
Purchased Power Required after 2011	10 aMW	0 aMW	10 aMW or Install DSM

Conclusion

- BPA's HWM Method adds back the full value of early conservation investment
- No adverse impact for installing conservation before the end of 2010
- Implementation of DSM can move ahead on a schedule that best meets the Utility needs without being adversely impacted by the Allocation of the FBS.