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BPA strikes load reduction deal with Alcoa

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Bonneville Power Administration

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CONTACTS: [Mike Hansen](#), BPA (503) 230-4328

PORTLAND, Ore. – The Bonneville Power Administration and Alcoa Inc. have agreed on 150 megawatts of reduction in electrical consumption at the company's Wenatchee smelter beginning this week. The action will help keep power flowing to Northwest consumers and save Columbia River water for fish during this year's energy shortage.

"Alcoa has responded to our call for load reduction in a way that will reduce BPA's costs and involve no forced terminations of employees for the duration of this agreement with BPA," said Steve Wright, BPA acting administrator.

The production curtailment is expected to be temporary. Similar to many other load management programs being initiated across the West under these extremely high priced market conditions, BPA is seeking mutually beneficial arrangements to "buy back" power from large industrial consumers.

BPA will pay Alcoa for the reduced power consumption at a price that is "less than market prices but at a level that still benefits Alcoa and keeps employees whole" Wright added. "This is a good outcome for both consumers and the company's workers."

This differs from a transaction with Golden Northwest Aluminum announced earlier in which BPA resells power at market rates and the benefits are divided between the agency and the company. Alcoa's contract, which extends through June, contains other terms.

In a separate transaction involving no payments, BPA agreed to shift a portion of the power scheduled to Alcoa's Intalco smelter at Ferndale, Wash., from January and February to March and April. This will make more power available to other Northwest consumers in the first two months when it's most needed.

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