



**Proposed BPA Response**  
**to Informal Customer Proposals from the RD Workshop**  
*Presented by Geoff Carr 10/02*  
*October 9, 2007*

**1. Specific Timing Proposal**

- ***Affirmed the December 2008 signing***  
Response: Yes. This is consistent with BPA's proposal.
- ***Asked to extend commitment to Tier 2 or Resources September 2010***  
Response: No. It was a stretch for BPA to move the commitment period for Tier 2 or resources to November. For our own business risk needs we believe we are already at a bare minimum time to arrange supply, particularly when this amount would be additive to Tier 1 augmentation amounts determined in FY 2011 and risks that the FBS is degraded or loads could grow at the high range.

**2. Establish the structure for how the Tier 2 Transition Rate will be established by August 2008.**

Response: Yes. By August 2008, BPA intends to outline the structure for all Tier 2 rates alternatives that BPA intends to make available by the time deliveries begin October 2011. BPA intends to explore the structure, including general sourcing strategies, duration and eligibility during the discussions on the Tiered Rate Methodology. Whether these structures are ultimately made a part of the TRM will be the subject of those discussions.

**3. Make a Renewable Tier 2 rate alternative available in addition to the Transition Tier 2 rate.**

Response: Yes. BPA intends to take the necessary actions to offer Vintaged Renewable Tier 2 rates by November 2009 when customers are required to commit how their load above their HWM will be served. (Note. In BPA's construct customers choosing Tier 2 rates based on the cost of vintaged renewables receive the environmental attributes from the resources used to establish the rate.)

If BPA is unable to complete all of the steps to be able to offer this Vintage Renewable Tier 2 rate, BPA will instead provide customers information on the amounts, prospects and timing for when this rate alternative will be offered so that customers can assess whether they can rely on BPA to meet their renewable needs or need to make alternative arrangements.



**4. Make Environmental Attributes from Tier 1 Augmentation Purchases Available to all Tier 1 customers.**

Response: Yes. This is included in BPA's EPP proposal.

**5. Offer the Load Growth Tier 2 Rate and Shared Rate Plan at Contract Signing.**

- ***Load Growth Rate***

Response: Yes. BPA will offer the Load Growth Tier 2 rate as an alternative at contract signing. Customers that choose to sign up for this rate are making a long-term commitment to BPA which would give us the ability to make longer-term resource acquisitions, facilitating infrastructure development.

- ***Shared Rate Plan:***

Response: Yes. BPA will offer the Shared Rate Plan at contract signing. It will not be offered after that date. Based on Customer input customers in this plan will have the right to exit the plan upon notice before the rate case, thereby receiving rates based on their individual Tier 2 and Rate Period HWM amounts instead. BPA is concerned about the conservation implications if this rate pool becomes too large so BPA will reserve the right to cancel this treatment within 30 days of contract signing if BPA projects more than 500 aMW of 2012 load in this rate pool. Also, participation greater than 500 aMW would compromise our fundamental goal of establishing tiered rates and ending our historical practice of buy and meld.