

**RSS Contract Provisions
In Regional Dialogue Contract Clean-up Amendment
3/6/09--Customer Meeting, RHR**

Background:

The Regional Dialogue contract states that:

1. BPA must offer RSS contract language by August 1, 2009 (though we hope to do so earlier), and
2. BPA and any customer who wants an RSS product must execute a revision to Exhibit D by November 1, 2009.

Problem:

Some customers have raised concerns that they will not have enough time by November 1 to finalize the details for each resource. It appears that they can, however, make a commitment by November regarding whether they want an RSS product, including identification of the resource(s) that would be supported by that product.

Proposed Solution:

BPA proposes to still require customers who want an RSS product to make an election by November 1 to accept BPA's RSS offer. However, we propose to change the contract language in the Clean-up Amendment to give the customer and BPA until March 31, 2010 to add the details for each resource and execute the offer by revising Exhibit D. This will allow customers to make their decisions on purchasing RSS and the same time as other Above-RHWM elections without rushing to full in data that can easily be established in contract at the same time as other Above-RHWM in March 2010.

As drafted, the language would seem to require customers to unnecessarily rush their resource decisions because significant ministerial actions would need to be done prior to November 1, 2009. BPA believes adjusting this timeline is in all Parties' interests but it will take a change in the contract. This would be done as follows: when the Clean-up Amendments are offered this spring, customers would agree to modify the existing RSS provisions in Exhibit D to require the customers to make an irrevocable election to purchase the product by November 1, but would provide until March 2010 to add the resource details.

The following 1st draft revisions to Exhibit D are intended ONLY to reflect the principles described on the previous page.

2. RESOURCE SUPPORT SERVICES

- 2.1 BPA shall develop the RSS products to support applicable Specified Resources listed in section 2 of Exhibit A for the FY 2012-2014 Purchase Period and offer such as a revision to this exhibit by August 1, 2009. Prior to that date, BPA shall provide «Customer Name» a reasonable opportunity to provide input into the development of the products and the related contract provisions. By November 1, 2009, «Customer Name» shall notify BPA of any RSS products it elects to accept on the terms offered by BPA and shall identify the applicable resource(s), for which it shall purchase RSS for the FY 2012-2014 purchase period. Such election shall be considered a legally binding commitment of both Parties. If «Customer Name» makes such election, the Parties shall add the resource amounts and shall execute a revision to this exhibit that incorporates the accepted terms by the March 31, 2010. By each Notice Deadline thereafter, «Customer Name» may purchase RSS from BPA to support applicable Specified Resources listed in section 2 of Exhibit A for the corresponding Purchase Period.
- 2.2 If «Customer Name» adds a new Specified Resource within a Purchase Period to meet its obligations to serve Above-RHWM Load with Dedicated Resources, consistent with section 3.5.1 of the body of this Agreement, «Customer Name» may purchase RSS from BPA to support such resource. Such purchase shall be for the remainder of the Purchase Period and for the following Purchase Period. «Customer Name» shall notify BPA of its decision to purchase RSS for a new Specified Resource by October 31 of a Rate Case Year and the elected RSS will be effective at the start of the upcoming Rate Period.