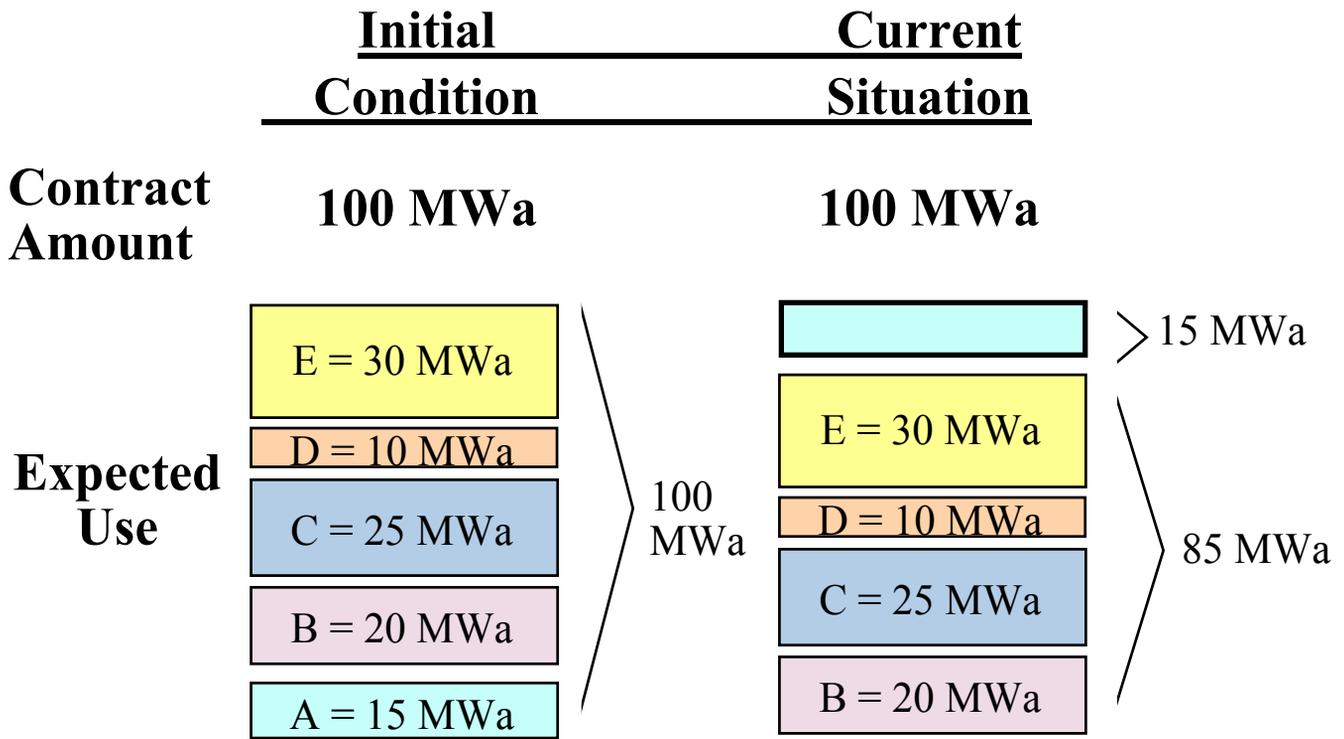


Business Relationships

Resale/Remarketing Discussion

Example - Take or Pay Situation



Option for managing “extra” 15 MWa:

<u>Option</u>	<u>Risk Taker</u>	
	<u>Customer</u>	<u>BPA</u>
1. Customer resells	X	
2. Options involving BPA		
a. BPA remarketing	X	
b. Curtailment		X
c. Block Flexibility		X
d. Built in to products (e.g., Full Service)		X

RESALE

Purchaser can resell “extra” power.

Advantages:

More flexible (thus more valuable) product
Customer can decide how to manage risk
and changing conditions

Impediments:

Statutory restrictions on resale rights

REMARKETING

Purchaser requests BPA to remarket power
and receives credit against purchase price.

Advantages:

BPA has ongoing market presence.
Avoids statutory resale constraints.

Impediments:

Customer loses some independence in
managing its portfolio.

Resale Characteristics

Requirements (PF, NR and IP Rate)

- Meets firm regional load
- Limited to difference between customer resources and load
- **Cannot be resold**
- Must be used in Customer's load

Surplus Firm Power (FPS) Rate

- Surplus above utility and DSI requirements
- Not limited to regional sales
- **Available for wholesale resale**
- **Private entity resale is limited**
- Recallable for extra-regional sales
60 days (energy)
60 months (capacity)

Excess Federal Power (FPS Rate)

- Based on reductions in BPA's requirements obligation
- **Can be used for load or resale**
- **No limitation on resale**
- Firm for up to 7 years and not recallable
- Not limited to regional sales

Options to provide resale flexibility

- Purchase Excess Federal Power to meet load or resell without limitation
- Purchase surplus firm power, which for a public agency customer does not have a resale limitation
- Purchase contract that provides for converting power from requirements power to Excess Federal Power