

# BPA'S INTERPRETATION OF THE PUBLIC GENERATING POOL SLICE PROPOSAL

## General

- Right to receive a percentage share of FCRPS capability, including actual energy generation (firm and secondary) and storage
- Right to modify the rate at which such energy is produced within hour, day, week, month, year, within the bounds of operational and non-power requirements
- Obligation to pay a corresponding percentage share of BPA costs, i.e., revenue requirement

Notes:

## Term

- 5-20 years.
- 5 year purchase with no termination rights; longer term associated with more certainty on fish and wildlife costs
- ~~No off-ramps for fish costs for term of contract~~
- ~~Possible off-ramps for acts of Congress such as repayment reform or other public purposes that would significantly increase the cost of power?~~

Notes:

## Eligibility to Purchase

- Any Subscriber, subject to statutory priorities and preferences
- Use same rules as for other Subscription rights
- In early phases of Subscription, Slice product would be to serve preference load and limited to net load (total retail load minus customer resources)
- Preference eligibility should not necessarily be set by the highest 2-year purchases prior to 2002 (BPA note: this may not be consistent with the current direction of Subscription)
- Preference rights could be mapped to a percent of FELCC, yielding a Slice percentage
- If resources remain after early Subscription phases, then potentially more Slice purchases

Notes

## ***Product Received***

- Proportionate share of the capability of the FCRPS, including both primary and secondary energy
- Right to a share of the flexibilities of the FCRPS; BPA would have running computation of constraints that would limit purchaser's take
- Right (within the constraints) to schedule or to send a 4-second signal to BPA for delivery of the energy in real time (allowing use of Slice for automatic generation control, shaping, backup, or reserves) (*BPA note: may need additional explanation of these features*)
- Proportionate share of the storage and shaping rights generally available to BPA, such as the ability to vary energy delivered during a day, or between days, weeks, or months within operating constraints
- Daily deviations of actual take from right to actual generation would be posted to storage account
- Storage account zeroed out when FCRPS reaches physical limits
- Hour-ahead changes in amount taken and within-hour ability to adjust signal
- No purchasing or marketing services
- No protection against required spill; but purchaser does not share in lack-of-market spill

Notes:

## ***Linkages***

- Cannot be purchased in combination with Full Service or Declared Resource Products
- Slice possibly could be a declared resource

Notes:

## **Costs to Purchasers**

- Percent share of FCRPS generation costs including:
  1. generation integration
  2. ~~unforeseen fish and wildlife costs~~
  3. ~~unforeseen maintenance costs~~
  4. Treasury and WPPSS bonds
  5. residential/small farm exchange costs if they are a continuing federal system obligation
  6. environmental investments (some conservation and renewable resource costs?)
  7. "cost recovery"?
  8. other public purposes?
- Budget, investment, cost allocations, marketing decisions as normally done by BPA
- Costs excluded
  1. transmission costs (purchase at the bus-bar)
  2. General Transfer Agreement costs
  3. short term and long term marketing, trading floor
  4. certain PBL overheads (ratemaking?, billing?, contract administration?)
  5. new long-term purchases (for load growth, load variations, or resource replacement?)
  6. short-term power purchases
  7. Service and Exchange agreements
  8. financial reserves?
  9. spill caused by lack of market
  10. others?

Notes:

## **Risks Purchasers Accept (new)**

- Unforeseen fish and wildlife costs
- Unforeseen maintenance costs
- No notice and termination rights for fish costs for term of contract (a preferred principle for application to all products; PGP's intent is to bear same costs others would bear)
- Possible notice and termination rights for acts of Congress such as repayment reform or other public purposes that would significantly increase the cost of power?

Notes:

### ***Basis for Payment***

- Based on a percentage share of a contractually determined embedded cost revenue requirement
- Cost of product may over time vary based on factors determined in advance of contract execution
- No credits from BPA's marketing revenues
- Annual true-ups for cost underruns or extraordinary costs of generating units ("acts of God")
- Could include annual "true-ups" based on actual costs incurred by BPA
- Possible cost adjustments to non-requirement purchases, because of statutory rate directives

Notes:

### ***Resources Included/Excluded***

- Includes **FCRPS** hydro and thermal committed prior to 1/97 (less Canadian Entitlement obligations)
- Includes long-term **BPA** power purchases committed prior to 1/97
- Excludes resources sold under another agreement
- Excludes short or long-term purchases committed after 12/96

Notes:

### ***Transmission***

- Not included; purchaser obtains own

Notes:

### ***Reserves and Backup***

- Customer responsible for generation reserves to meet reliability standards

Notes:

### ***Scheduling and Accounting***

- Use of flexibility rights accounted for daily in a "storage account"
- Scheduling and accounting provisions established by contract
- BPA may adjust the rate of power deliveries to reflect actual operating constraints on the FCRPS

Notes:

### **Forecast and Data Needs**

- Corps and Bureau system conditions, flood controls, boundaries
- BPA's annual, seasonal, monthly, weekly, daily forecasts of
  1. HLH maximum hourly generation
  2. LLH minimum hourly generation
  3. must-run non-hydro generation
  4. maximum permissible deviations of storage
- BPA's "telescoping" forecasts of the capability of the FCRPS, including both total generation and storage capabilities, and resulting limits to purchasers
- BPA forecasted Energy Content Curve
- BPA plans for operating within constraints
- BPA agreements or plans to operate for some environmental purpose
- Anticipated non-power operations
- Non-hydro outages
- Advance notice of limits on deliveries to and from storage account consistent with BPA's own limitations

Notes:

~~*(This topic will be covered under a separate Agenda item)*~~

### **Operations/Management Influence**

- Federal agencies make decisions on non-power requirements and operations of the FCRPS
- Purchaser would have no authority in river management, investment, or other management decisions

Notes:

## ***Dispute Resolution***

- Capabilities, constraints, production quantities subject to after-the-fact dispute resolution and other remedies (a high hurdle for requiring dispute resolution)
- Remedies for
  1. false application of a constraint
  2. chronic manipulation of forecast data
  3. withholding information
  4. bad faith actions causing substantial damage
- Remedies would be power replacement or monetary, not changes in river operations

Notes:

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