**Reservation of Rights:** *All draft Provider of Choice (POC) contract language presented by BPA for discussion is subject to ongoing review and revision. Prior to finalizing the POC contract templates, BPA will publish complete contract templates for public review and comment. BPA acknowledges that failure to offer edits or comments on this document does not preclude a stakeholder from offering edits or comments during the formal public review.*

**Summary of Changes:**

Both RHWMs and CDQs were removed from this section, as well as references to the TRM sections and definitions. We did update the definition of CHWM, which is included here for reference and added a new definition, FY26 CHWM Calculation Process, which is also included for reference. As a side note, we are proposing to leave Rate Impact Credit (RIC) out of the contract and have RICs listed only in the Rate Schedules and GRSPs.

**Related Definitions:**

*Reviewer’s Note: This updated definition is consistent with the current draft definition in the PRDM.*

2.«#» “**Contract High Water Mark**” or “**CHWM**” means the amount of Firm Requirements Power (expressed in annual Average Megawatts) that a customer is eligible to access at Tier 1 Rates. The amount of Firm Requirements Power a customer purchases at Tier 1 Rates is limited to the lesser of its CHWM or its Net Requirement.

*Reviewer’s Note: This is a new term being presented for review.*

2.«#» “**FY 2026 CHWM Calculation Process**” means the public process where BPA shall calculate each customer’s CHWM in accordance with section 2.4 of the Provider of Choice Policy, March 2024, as amended or revised.

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**7. CONTRACT HIGH WATER MARKS AND RATE IMPACT CREDITS**7.1 **Contract High Water Mark (CHWM)*(XX/XX/XX Version)***

BPA shall establish «Customer Name»’s CHWM in the FY 2026 CHWM Calculation Process by September 30, 2026 and revise Exhibit B to state «Customer Name»’s CHWM. Once established, BPA may only adjust «Customer Name»’s CHWM as permitted pursuant to Exhibit B. After any adjustment, BPA shall revise Exhibit B to state «Customer Name»’s adjusted CHWM.

7.2 **Rate Impact Credit, Mitigation (RICm)**

BPA shall establish «Customer Name»’s RICm and RICm phase out schedule pursuant to the the PRDM. Once established, BPA will update Exhibit B to list «Customer Name»’s RICm and RICm phase out schedule. «Customer Name»’s RICm and RICm phase out schedule may only be adjusted by BPA as permitted under the PRDM. After any adjustment, BPA shall revise Exhibit B to state «Customer Name»’s adjusted RICm and adjusted RICm phase out schedule.

7.3 **Rate Impact Credit, Capacity (RICc)**

Under the PRDM, the billing determinants and embedded cost of capacity used to calculate «Customer Name»’s RICc for each Rate Period shall be fixed once established pursuant to the PRDM. Once established, BPA will update Exhibit B to list the billing determinants and embedded cost of capacity that BPA will use to calculate «Customer Name»’s RICc for each Rate Period. Such billing determinants may only be adjusted by BPA as permitted under the PRDM. After any adjustment, BPA shall revise Exhibit B to state «Customer Name»’s adjusted billing determinants. Once established, the embedded cost of capacity may not be revised by BPA. For each Rate Period, the other components of the RICc calculation shall be determined pursuant to the PRDM.