



# Fact Sheet

August 2020

## Regional Dialogue contracts

The Bonneville Power Administration's current long-term power sales contracts, commonly referred to as Regional Dialogue (RD) contracts, are 20-year agreements to provide electrical power service to the agency's Pacific Northwest customers. These utilities serve millions of homes, businesses and facilities across the Pacific Northwest. Following extensive negotiations between Bonneville and its customers, the Regional Dialogue contracts were signed in 2008. Power deliveries under the RD contracts began on Oct. 1, 2011, and will continue until the contracts expire on Sept. 30, 2028. All products and services described are subject to applicable wholesale power rates and charges established through the BPA rate proceeding, conducted under Section 7(i) of the Northwest Power Act.

The applicable priority firm (PF) rates for power sold under the contracts are determined by the tiered rates methodology (TRM). The TRM is a rate design that is used by BPA in setting its PF rates every 2 years. In its simplest form, this means that customers are able to buy amounts of power up to an established contract amount, known as the contract high water mark, at the PF Tier 1 rate, which is based on the cost of the existing federal system. If the customer's load needs exceed their contract high water mark amount, they may buy more power from Bonneville at PF Tier 2 rates that reflect the cost of such additional power.

The RD contracts are take-or-pay contracts, meaning the customer must pay for the firm net requirements power — total retail load minus dedicated nonfederal resources — it commits to purchase from Bonneville, whether or not the customer actually takes delivery of such power.

**PROVIDER OF CHOICE**

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There are three RD contract power products: **Load Following**, **Block** and **Slice/Block**. They are all subject to the PF rates as described above.

### **Load Following**

The Load Following product provides firm power service to meet a customer's actual total retail load minus its dedicated resources. Customers can apply their dedicated resources in pre-established amounts, called shapes, or simply as the resource generates. Depending on the size and type of resource, the customer may be required to purchase additional Resource Support Services from Bonneville to account for resource unpredictability.

### **Block**

The Block product provides a planned amount of firm power to meet a customer's planned annual net requirement load. The customer must dedicate nonfederal resources to serve its load and is responsible for using those resources to meet any load in excess of its planned monthly BPA Block purchase. The Block product provides a predefined amount of power each hour and can be purchased in two different shapes:

- The flat annual block shape, which provides the same amount of power every hour in a defined year.
- A shaped block of power is shaped to the customer's forecast net requirement, where amounts of power can vary by month and between heavy and light load hours based on the customer's actual fiscal year 2012 net requirement shape.

### **Slice/Block**

Slice/Block provides for the combined sale of two distinct power products to meet a customer's planned annual net requirement: the Slice product and the Block product. The Slice/Block products in most cases are provided together. As with the Block product described above, the customer is responsible

for meeting its Total Retail Load each hour and is obligated to supply any amount of power needed to meet such load that is not met by the Slice and Block products.

The Slice product is a federal system sale of power that includes firm requirements power, hourly scheduling rights and surplus power. The Slice product is a power sale subject to limitations and is not a sale of operational rights, Tier 1 system resources, resource capability, or transfer of control of any federal resources. Federal operating agencies retain all operational control of all resources that comprise the Federal Columbia River Power System at all times.

The customer's Slice output is calculated based on a percentage of the annual firm portion of the federal resources known as the Tier 1 system. Customers access Slice output using a computer simulation representing the actual variable federal system output and conditions. From time to time, the Slice product may deliver more or less power due to water availability and system operations. Bonneville neither guarantees any amount of Slice output, nor does it guarantee that the amount of Slice output combined with Block power will be sufficient to meet the customer's total load. The Slice product offers operational flexibility but has inherent risk due to the variability in the amount of system power available during a given year.

The Block portion of Slice/Block is the same as described above for the Block product except all hourly amounts are equal throughout a month, with no variation between heavy and light load hour amounts. The annual amount of PF Tier 1-priced Block is calculated as the difference between the customer's planned annual net requirement load and the firm Slice amount from the Slice product.

Bonneville's [Regional Dialogue Guidebook](#) includes a more detailed summary of these products. Visit the Bonneville Power Administration website to learn more about [Regional Dialogue products](#).