



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER SERVICES

September 21, 2023

In reply refer to: PS-6

To Regional Stakeholders Participating in the **Post-2028 Residential Exchange Program Process**:

The Bonneville Power Administration (BPA) is reaching out to stakeholders, customers, and interested parties involved in the Residential Exchange Program (REP) post-2028 process to provide an update and describe next steps.

Background

Section 5(c) of the Northwest Power Act establishes the REP, which gives residential and farm consumers of regional utilities, primarily investor-owned utilities, access to the benefits of the low-cost federal hydropower system. The REP is currently administered pursuant to a settlement agreement that expires September 30, 2028.

In July 2022, BPA outlined two options for REP implementation for the post-2028 period in the Provider of Choice Concept [Paper](#): a settlement option and a return to the traditional REP.

Evaluation of the settlement option was tentatively scheduled to run from September 2022 through September 2025. During this period, BPA intended to educate regional stakeholders on the REP, prepare necessary materials and models for scenario analysis, develop and explore settlement options, and evaluate and make decisions on a potential settlement. BPA targeted drafting and completing the settlement by the fall of 2025.

Depending on the progress made toward an REP settlement, BPA was also prepared to commence processes to support the traditional implementation of the REP. These processes were anticipated to begin in the fall of 2025 and continue through 2027. During this period, BPA would prepare necessary contracts, methodologies, and other policies for implementing the traditional REP for the post-2028 period, in case settlement could not be reached.

Process Update and Next Steps

Based on comments to date, BPA believes that additional REP settlement discussions would be best served if respective stakeholder representatives could meet outside of a BPA-hosted workshop environment. To facilitate an opportunity for such discussions, BPA has decided to cancel the fall 2023 workshops. The next REP workshop will be scheduled for January 23, 2024.

Between now and the January meeting, BPA requests REP stakeholders meet to discuss whether a workable REP settlement framework or concept can be achieved. The 2012 REP Settlement was largely successful because regional stakeholders collaboratively worked toward a shared goal and presented BPA with a proposed resolution that was acceptable to a wide array of interests. BPA staff is available to assist in these discussions and provide technical and analytical support as needed. At the January 23, 2024, workshop, BPA requests stakeholders share the results of their discussions and perspectives on development of an REP settlement. The outcome of this report out will inform BPA's decision of whether to continue to facilitate efforts toward an REP settlement or pivot to preparations for the traditional REP phase.

BPA will continue to use the following months to refresh the REP scenario analysis and will share the results at the January 23, 2024, workshop. The list of the scenarios BPA intends to produce is provided in Attachment 1 to this letter.

Bonneville greatly appreciates the thoughtful collaboration and participation of involved parties to help resolve these incredibly complex issues. I'm hopeful we can once again reach consensus on a durable solution for the region.

Please contact Scott Winner, REP manager, at the REP2028@bpa.gov or reach out to your Account Executive if you have questions.

Sincerely,

Kim Thompson
Vice President, Northwest Requirement Marketing



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ATTACHMENT 1:

POST-2028 REP ANALYSIS SCENARIO LIST

- | | |
|------------|---|
| 1 | Reference Case (reflects new ASC forecast and Mid-C resources dedicated to marketers) |
| 2 | Conservation = Gen Requirement w/out costs |
| 3 | Conservation = Gen Requirement with costs |
| 4 | Conservation Res. Expensed 1 st Year |
| 5 | Mid-C Resources in Stack – Refine to include output dedicated to IOU Load |
| 6 | Discount Rate = Not applied |
| 7 | Discount Rate = Inflation (Low) |
| 8 | Discount Rate = Investment Rate (High) |
| 9 | Identical Secondary Credit |
| 10 | No 7(b)(3) to Surplus |
| 11 | ASCs – High (both loads and ASCs) |
| 12 | ASCs - Low (both loads and ASCs) |
| 13 | Market Prices (high) |
| 14 | Market Prices (low) |
| 15 | Loads - PF Decrease (-1000aMW) |
| 16 | Loads - PF Rise (+1000aMW) |
| NEW | |
| 17 | IOU Case |
| 18 | COU Case |
| 19 | Conservation Resource Expensed over 12 years in 7(b)(2) Case vs 5 years. |
| 20 | Reserve Benefits associated with Secondary added to Program Case and Removed from 7(b)(2) Case |
| 21 | Uncontrollable Event Costs removed from Program Case and included in 7(b)(2) Case (WNP 1&3, PNRR) |