Notes on this presentation:

- This presentation is posted as it was shown at the workshop on Nov. 4, 2025. In preparing the rate model for external release, BPA staff discovered an error in the implementation of the like-for-like transmission change relative to the Reference Case. BPA also discovered a typographical error that said “Bifurcated” instead of “Unbifurcated”.
- BPA posted a corrected “REP Settlement Concept v2” document on Nov. 5, 2025 on the Post-2028 REP website. This document accounts for the above corrections and contains additional details around the Net Present Value calculation.

Post-2028 Residential Exchange Program Settlement Concept Workshop

Tuesday, November 4th, 2025

9:00 am – 4:00 pm

RHR and WebEx

POST 2028 REP

November 4th Workshop Agenda

Workshop Topics	Presenter(s)
Opening Remarks	Kim Thompson
Introductions and Agenda	Scott Winner
Reference Case Update	Richard Greene, Stephanie Adams, and Daniel Fisher
Settlement Components	Daniel Fisher
Close-out	Scott Winner
Breaks	**Est. Times**
LUNCH	Noon – 1:00 pm

Post-2028 REP Team

- Kim Thompson, REP Sponsor (VP of NW Requirements Marketing)
- Paulina Cornejo, REP Policy Lead
- Michael Edwards, REP Technical Lead
- Aimee Robinson, Economist
- Richard Greene, Legal Counsel
- Neal Gschwend, Legal Counsel
- Stephanie Adams, Rates and 7(b)(2) Lead
- Jonathan Ramse, Economist
- Daniel Fisher, Power Rates Manager
- Scott Winner, PSRF Supervisor

Reference Case Update

Presenters – Richard Greene, Stephanie Adams, and Daniel Fisher

Senior Attorney Advisor, Public Utilities Specialist, and Power Rates Manager

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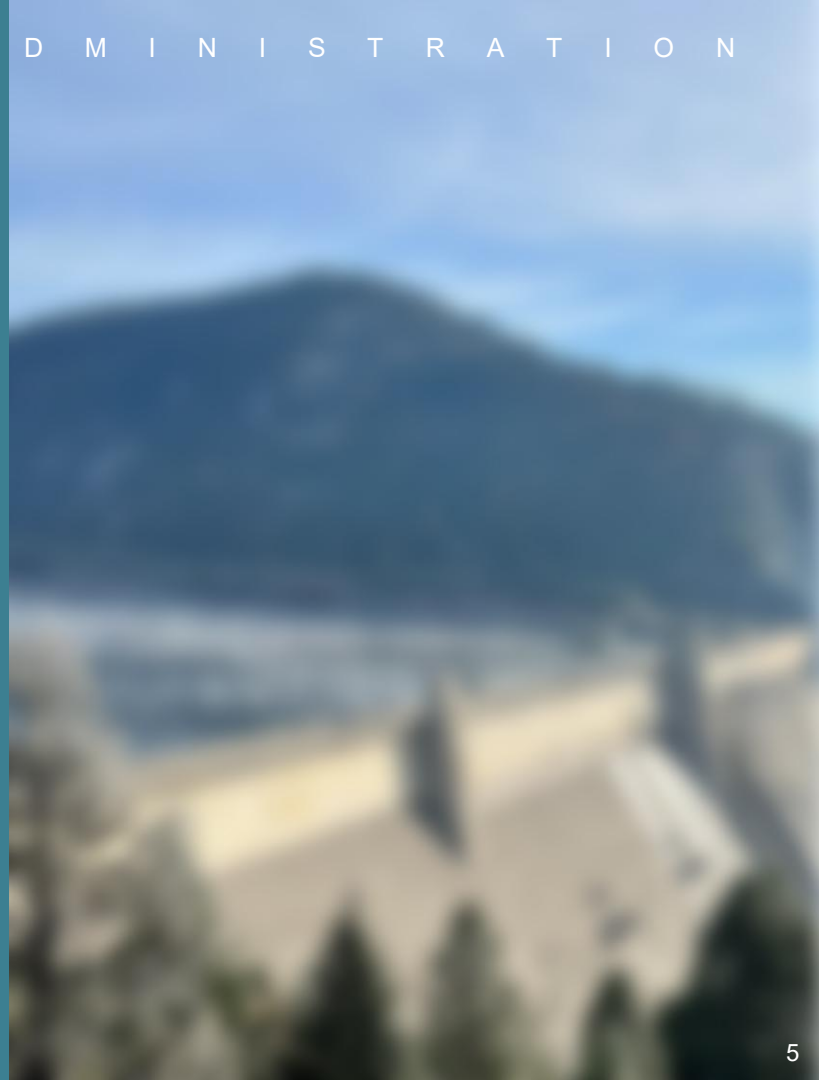


2012 Settlement Value Context - Method

- BPA's Settlement Criteria (REP-12 ROD)
  - (1) provide COUs with at least as much rate protection as the rate protection afforded under Section 7(b)(2) of the Northwest Power Act;
  - (2) provide REP benefits in a manner consistent with Section 5(c) of the Northwest Power Act and distribute such REP benefits among the settling IOUs in a manner consistent with BPA's current ASC Methodology and with rates that are consistent with Section 7 of the Northwest Power Act.
- BPA Staff's Reference Case circa 2011
  - Reference Case reflects BPA Staff's position on the disputed issues from the 2007 WP-07 Supplemental ROD.
  - BPA converted the Reference Case into a stream of REP benefits (and 7(b)(2) rate protection) for the duration of the settlement term.
  - BPA did the same for 22 scenarios in litigation.
  - BPA compared Reference Case REP benefits to Settlement REP benefits; Settlement REP benefits were lower, so we were in compliance with 7(b)(2).

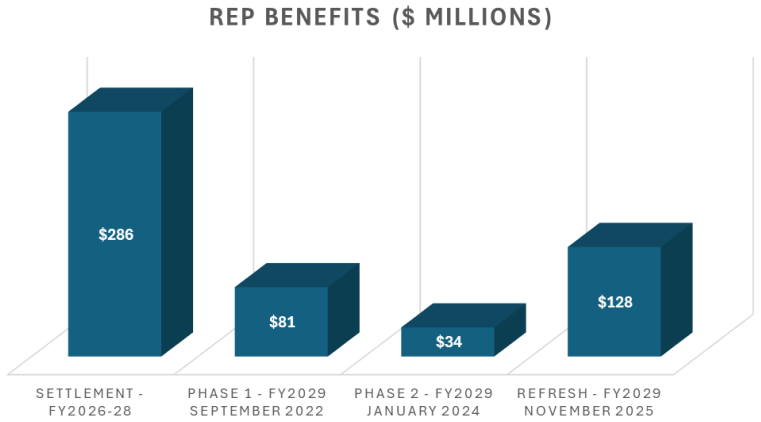
2012 Settlement Value Context - Amount

- Settlement Value
  - Negotiated between IOUs and Publics (NPV for 16 years)
  - Shape of REP benefits was agreed to by IOUs and Publics
  - Included “Lookback” refunds to Publics

Fiscal Year	REP Payments included in rates ($ millions)
2012	$182.1 + $76.5
2013	$182.1 + $76.5
2014	$197.5 + $76.5
2015	$197.5 + $76.5
2016	$214.1 + $76.5
2017	$214.1 + $76.5
2018	$232.2 + $76.5
2019	$232.2 + $76.5
2020	$245.2
2021	$245.2
2022	$259.0
2023	$259.0
2024	$273.6
2025	$273.6
2026	$286.1
2027	$286.1
2028	$286.1

REP Benefit Analysis: Updated Reference Case Results

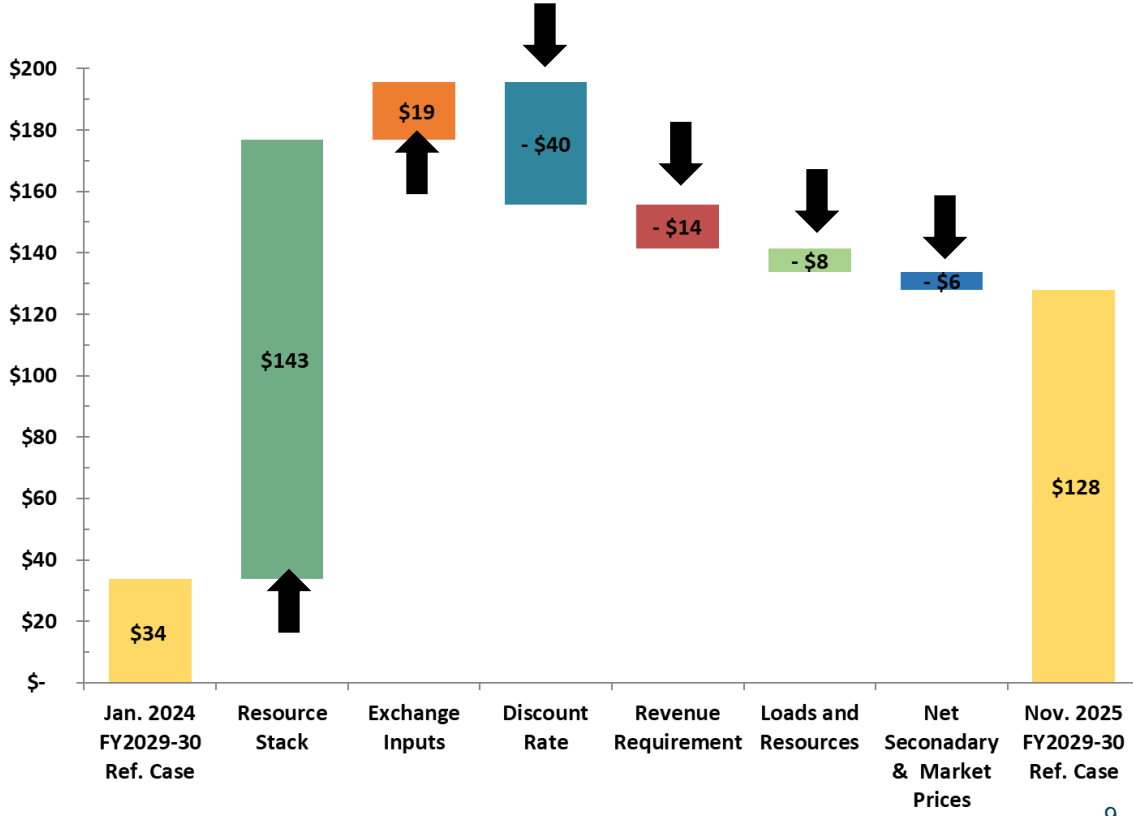
- The refreshed FY 2029 REP benefit analysis is informed by the BP-26 Final Proposal. The analysis performed a targeted refresh.
  - Most data for the FY 2029-34 period is inflated or held flat to FY 2028. However, the Resource Stack which is unique to calculating REP benefits underwent significant updates.
- Recent analysis estimates **REP benefits at $128 million;** a $94 million dollar increase from January 2024 values. The greatest driver of change is updating the resource stack methodology and inputs.
  - The weighted average cost of resources called upon in the resource stack increased from $14.26/MWh to $38.75/MWh; this lowers Rate Protection and increases REP benefits.



Reference Case Circa Jan. 2024 vs. Nov. 2025

REP benefits increased $94 million from $34 million to $128 million with refreshed inputs.

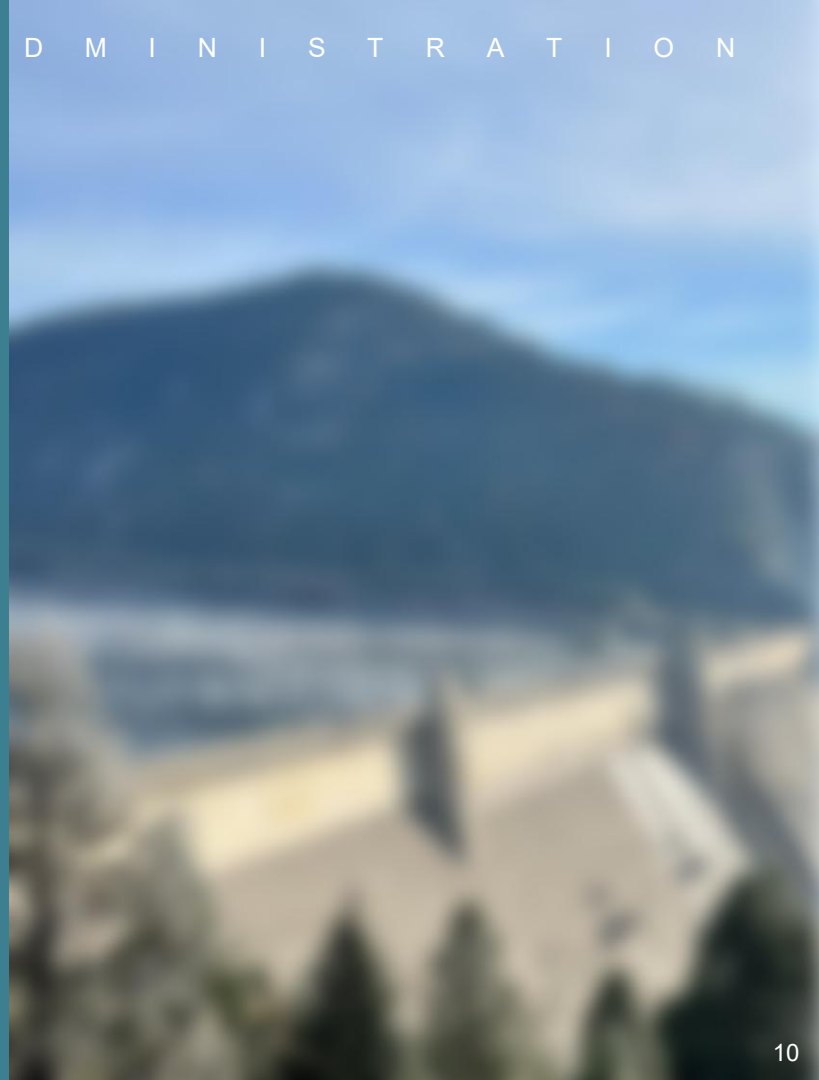
- The **Resource stack increased benefits by $143 million,** the weighted average cost of resources called upon in the resource stack increased from $14.26/MWh to $38.75/MWh; this lowers Rate Protection and increases REP benefits.
- **Exchange Inputs increased benefits by $19 million,** this reflects higher ASCs.
- The **discount rate decreased benefits by $40 million** due to the rate dropping by roughly 1%.
- The **revenue requirement decreased benefits by $14 million,** this is due to higher costs.
- **Loads & Resources lowered benefits by $8 million**, due to higher loads and fewer FBS resources in the 7(b)(2) Case, lowering Rate Protection.
- **Net Secondary reduced benefits by $6 million,** this is due to lower NSR driving up the PF rate.



Settlement Framework

Presenter – Daniel Fisher

Power Rates Manager



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Ref. Case with Single PFx & Like-for-Like Transmission

Feature	Context
Average System Cost Methodology	2026 ASCM BPA Staff proposal. **2026 ASCM to include only like-for-like transmission costs compared to those included in BPA Power rates.**
Calculation of REP Benefits (BP-26 Final Proposal vintage information for years 2029 and 2030)	Base REP Benefits calculated using Reference Case as updated for: 1. General updates consistent with the BP-26 Final Proposal. 2. Resource stack refinements – increase in the assumed cost of the resources in the stack and removal of Mid-C resources owned by public customers without a PF contract. 3. Use a single PFx rate which can increase the total REP benefits paid when an exchanging utility would otherwise go negative after 7(b)(3) is applied. 4. Removal of transmission costs from ASCs that are not included in BPA's power rates (*i.e.*, third-party transmission costs and transmission costs associated with sales for resale would be included in ASCs). BPA would also calculate a "**Settlement Term 7(b)(3) Amount" (estimated at about $24.5/MWh)** for the 16-year settlement term. **Estimated REP Benefits at $137.5 million per year*****

*Note: The values in this presentation have been updated to account for an error in model implementation discovered after the Nov. 4 workshop. The corrected values can be found on the Post-2028 REP website here.

BPA Staff Proposed Negotiable Implementation Details

- Overall separation of Base REP Benefits and Variable REP Benefits

Separating REP Benefits by Source	BPA would separate the $137.5 million in REP Benefits into Base REP Benefits, Variable REP Benefits related to secondary revenue, and 7(b)(3) rate surcharge REP Benefits. *+ $110.5 million Base REP Benefits* *+ $24.5 million Variable REP Benefits* *+ $2.5 million IP 7(b)(3) REP Benefits*** (contingent on IP load)* *+$TBD million NR 7(b)(3) REP Benefits*** (contingent on NR load)* *= $137.5 million Expected REP Benefits per year on average.*
Estimated Size of Base REP Benefits	Estimated to be **$110.5 million per year** on average over the 16-year settlement term.
Shape of Base REP Benefits	Front loaded shape using an NPV calculation with a 2% annual inflation rate. **First year (FY 2029) estimated at $160 million** and **last year (FY 2044) estimated at $56 million.**

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BPA Staff Proposed Negotiable Implementation Details con't.

- Variable REP Benefits

Variable REP Benefits *Note: The values in this presentation have been updated to account for an error in model implementation discovered after the Nov. 4 workshop. The corrected values can be found on the Post-2028 REP website here.	BPA to calculate a P10 hydro capability by water period for a defined set of federal hydro resources. Water periods (e.g., months/partial months) would be proposed and adopted in each 7(i) Process. When actual generation at these specific hydro projects is above the rate case determined P10 amount, **exchanging utilities would receive an estimated ~5.3% of the actual output financial value**. The ~5.3% would be calculated once and set for the settlement term and represents the PF exchange share of the secondary energy value that remains after 7b3 is applied. The ~5.3% is calculated with the following formula: $$\frac{PFx\ Load}{PFp + PFx + IP\ Load} \times \frac{BaseREPBenefits}{UnconstrainedBenefits}$$ **Expected case ~$24.5 million per year**

BPA Staff Proposed Negotiable Implementation Details con't.

- Eligibility

Exchange Eligibility	IOU must have an annual ASC higher than PF Bifurcated rate prior to any 7(b)(3) allocation.
Allocating REP Benefits to Eligible Exchanging Utilities	Apply the **same method as was adopted in the current settlement agreement,** which is a proportional allocation of REP settlement benefits based on a utility's unconstrained benefits relative to the sum of all exchanging utility unconstrained benefits.

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BPA Staff Proposed Negotiable Implementation Details con't.

- IP Rate

IP Rate	BPA would set IP rate for Port Townsend Paper using a post-7(b)(3) IP-PF Link. This means the cost of the Settlement Term 7(b)(3) Amount allocated to Port Townsend Paper IP load will be proportionally recovered from PFp and IP loads. The IP rate for Port Townsend Power would be equal to PF Public Rate + typical margin – Value of Reserves. For any other IP Load, the IP rate would be set equal PF Public Rate + typical margin – Value of Reserves + Settlement Term 7(b)(3) Amount. Any revenue generated from the Settlement Term 7(b)(3) Amount applied to IP loads, including any portion associated with Port Townsend Paper, would be allocated at the end of each fiscal year to exchanging utilities with the following equation: $$UtilityShare = IP\_7(b)(3)Rev \times \frac{UtilityBaseBenefits}{\sum UtilityBaseBenefits}$$ **Estimated REP Benefits at $2.5 million per year*** *(contingent on IP load)* **** If IP load is zero for any reason, including if current Port Townsend Power load were to become eligible for PF power, this portion of the REP Benefits would go away.*

*Note: The values in this presentation have been updated to account for an error in model implementation discovered after the Nov. 4 workshop. The corrected values can be found on the Post-2028 REP website here.

BPA Staff Proposed Negotiable Implementation Details con't.

- NR Rate

NR Rate *Note: The values in this presentation have been updated to account for an error in model implementation discovered after the Nov. 4 workshop. The corrected values can be found on the Post-2028 REP website here.	BPA to set all NR power rates including the Settlement Term 7(b)(3) Amount. BPA would also set a **new NR rate** for discretionary and term-limited requirements power based on BPA resource costs plus other costs that it determines are being used/incurred to serve such load plus the Settlement Term 7(b)(3) Amount. Revenue generated from the Settlement Term 7(b)(3) Amount would be allocated at the end of each fiscal year to exchanging utilities with the following equation: $$UtilityShare = NR\_7(b)(3)Rev \times \frac{UtilityBaseBenefits}{\sum UtilityBaseBenefits}$$ **Estimated REP Benefits TBD*** *(contingent on NR load)* *** *If BPA provides NR load service, this would provide additional REP benefits, else, this would be equal to zero.*

BPA Staff Proposed Negotiable Implementation Details con't.

- Risk

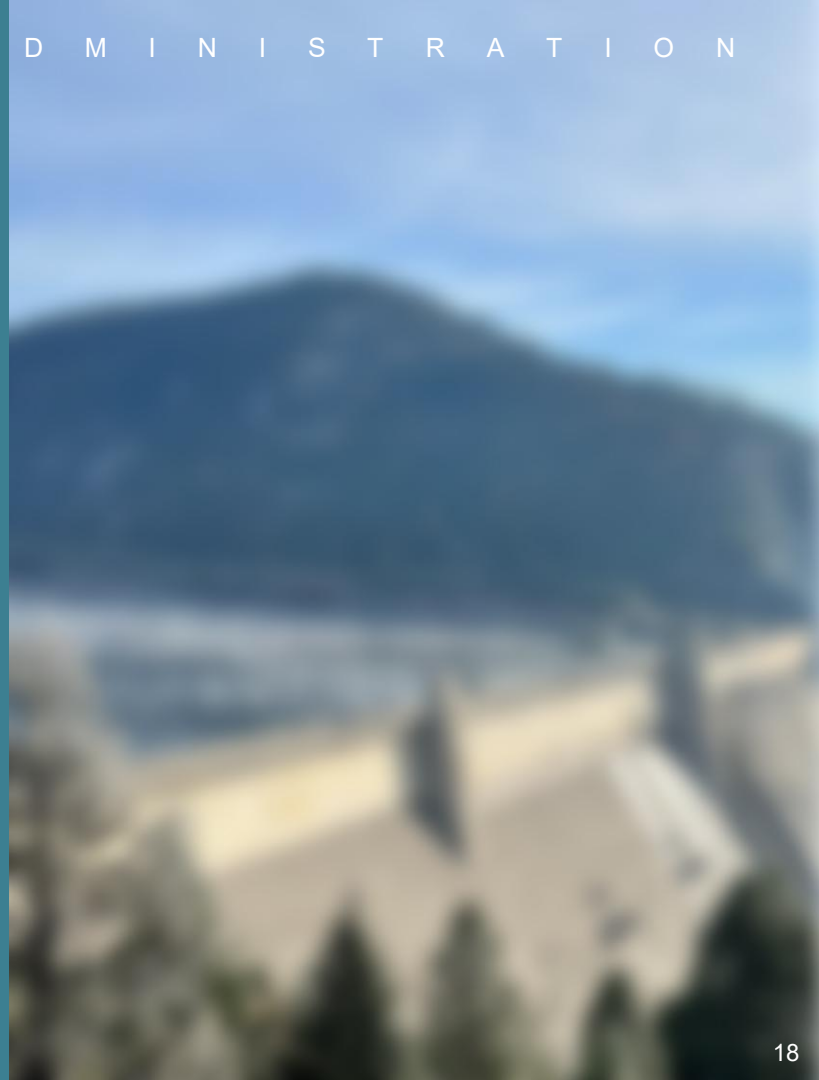
Risk	Similar to the Slice and Non-Slice products, the REP would not be subject to any mid-rate period adjustments for risk as exchanging utilities would directly bear the risk of secondary revenue, would be paid benefits based on actual 7(b)(3) revenue generation, and would have known and fixed Base Benefits regardless of actual rate-period changes in BPA's or the IOUs costs and loads.

*Note: The values in this presentation have been updated to account for an error in model implementation discovered after the Nov. 4 workshop. The corrected values can be found on the Post-2028 REP website here.

Close-out

Presenters – Scott Winner

Power Planning and Forecasting Supervisor



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Next Steps

- Please submit to BPA a response by **COB Tuesday, November 18th** on today's settlement concepts to rep2028@bpa.gov. BPA is looking for whether your organization would plan to contest the general framework discussed by BPA Staff, and if so, why.
- BPA recognizes that such requested responses are directional. BPA is seeking to gauge interest in the settlement concept.
- Based on responses, BPA will determine whether to pivot to formal settlement development or continue with Phase 2 efforts.
- If you want to be involved in future settlement conversations, please send your name, your organization (who you represent), and an email address to rep2028@bpa.gov with your request.

Scheduling Changes

- The topics for the workshop scheduled for Thursday, November 20th have been combined with content for the workshop Wednesday, December 3rd. *There will be no workshop on November 20th.*
- The informal comment period for the full preliminary draft RPSA has been extended to **COB Tuesday, November 25th**.

Communication and Resources

- Submit written comments and questions to rep2028@bpa.gov.
- Details to attend all Post-2028 REP Phase 2 workshop can be found on BPA's event calendar.
- For REP background, post-2028 public workshop materials, public notices, and additional REP resources, go to the Post-2028 REP webpage.
- To receive pertinent notifications related to this process sign up for Tech Forum.

Thank you!

Post 2028 REP Team