



Post-2028 Residential Exchange Program Average System Cost Methodology Workshop

Wednesday, December 3rd, 2025

9:00 am – 4:00 pm

[RHR and WebEx](#)

POST
2028
REP



December 3rd Workshop Agenda

Workshop #1 Topics	Presenter(s)
Introductions and Agenda	Scott Winner
Updated Phase Schedule	Scott Winner
Rules of Procedure and Confidentiality Rules	Paulina Cornejo
Transmission Costs	Richard Greene
Injuries and Damages, Account 925	Neal Gschwend
Energy Storage Plant	Neal Gschwend
New Large Single Loads	Paulina Cornejo
Escalation Factors	Michael Edwards
Meeting Load Growth for ASC Determination	Michael Edwards
Summary of Proposed Carry Forwards and Changes	Paulina Cornejo
Closeout	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

ASCM Workshop 2 Topics

Workshop 1: Oct. 23 rd	Workshop 2: Dec. 3 rd	Preliminary ASCM Release: Dec. 10 th	Workshop 3: Dec. 16 th
• ASCM Structure • ASC Review Process and Rules of Procedures • Sections Carried Forward • Updates to FERC Accounts and ASCM Sections • Functional Overview of Appendix 1 and Forecast Model • WS 2 Topics	• Phase 2 Schedule Changes Proposed Changes: • Transmission Costs • Injuries and Damages (Account 925) • Energy Storage Plant • Treatment of NLSLs • Source of Escalation Data • Meeting Load Growth	• BPA releases Preliminary ASCM Draft for informal comment. • Regional parties submit informal comments to the REP2028@bpa.gov inbox.	• Questions on WS 1 and 2 Content • Walkthrough entire ASCM • Walkthrough Appendix 1 Template and Forecast Model • Customer-led Topics

Phase 2 Schedule Update

Date	RPSA	ASCM
Nov 25, 2025, Tue	Comments due , Preliminary	
Dec 3, 2025, Wed		WS2
Dec 9, 2025, Tue	Post , Full	
Dec 10, 2025, Wed		Post , Preliminary
Dec 16, 2025, Tue		WS3
Jan 21, 2026, Wed	Comments due , Full	Comments due , Preliminary
Feb 3, 2026, Tue		Post , Full
Mar 6, 2026, Fri	ROD	
Mar 9, 2026, Mon		Comments due , Full
Apr 24, 2026, Fri		ROD
Late Jul 2026		FERC Interim Approval

Rules of Procedure and Confidentiality Rules

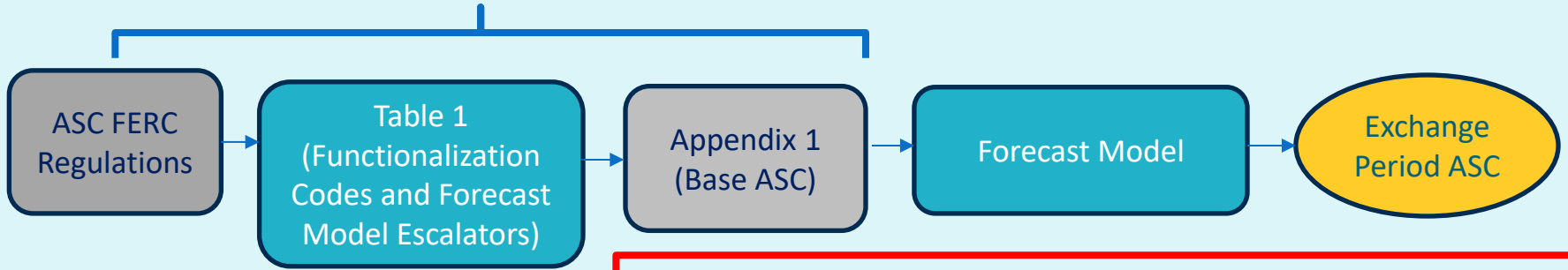
Presenter – Paulina Cornejo

REP Policy Lead

ASCM Roadmap

ASC Methodology Parts I & II

Part I



ASCM Rules of Procedure

Part II

Changes from Workshop 1

- After the ASCM workshop on Oct. 23rd, BPA made additional proposed revisions to the Rules of Procedure to further clarify the procedural requirements.
- Additionally, we revised the Confidentiality Rules and embedded them in the Rules of Procedure as Attachment B.
- A redline of the document to crosswalk the changes will be included in the release of the preliminary full draft.

Rules of Procedure Primary Changes

- Substantive proposed changes are as follows:
 - Section 2 – Filing Procedures
 - Clarified requirements for ASC Filings for ASC Review Process vs Informational ASC Filings.
 - Updated provisions for non-submittal and deficient filings.
 - Section 3 – ASC Review Process
 - Modernized procedural requirements of the ASC Review process.
 - Removed section 3.7.2.2 which discusses the instance BPA does not publish Final ASC Reports.
 - Attachment A – Senior Financial Officer Attestation
 - Removed references to COUs and added Base Period to ASC Filing.

Confidentiality Rules Primary Changes

- Redline edits sprinkled throughout the document, but substantive proposed changes are as follows:
 - Added the document as Attachment B to the Rules of Procedure.
 - Renamed the “Consent to be Bound” form to “Confidentiality Agreement”.
 - Utilities that sign this agreement adhere to the rules protecting confidential information shared as part of the ASC Review Processes.

Transmission Costs in ASC

Presenter – Richard Greene

Senior Attorney-Advisor

Transmission Costs in ASC

- Statutory Underpinnings

- Section 5(c)(1)

Whenever a Pacific Northwest electric utility offers to sell electric power to the Administrator at the average system cost of that utility's resources in each year, the Administrator shall acquire by purchase such power and shall offer, in exchange, to sell an equivalent amount of electric power to such utility for resale to that utility's residential users within the region.

- Section 5(c)(4)

An electric utility may terminate, upon reasonable terms and conditions agreed to by the Administrator and such utility prior to such termination, its purchase and sale under this subsection if the supplemental rate charge provided for in section 839e(b)(3) of this title is applied and the cost of electric power sold to such utility under this subsection exceeds, after application of such rate charge, the average system cost of power sold by such utility to the Administrator under this subsection.

- Section 5(c)(7)

The "average system cost" for electric power sold to the Administrator under this subsection shall be determined by the Administrator on the basis of a methodology developed for this purpose in consultation with the Council, the Administrator's customers, and appropriate State regulatory bodies in the region.

Transmission in Previous ASCMs

- 1981 ASCM –
 - BPA sold bundled power/transmission in one rate.
 - ASCs included all Utilities' Transmission Costs.
 - BPA did not provide legal analysis of decision; considered a settled methodology.
 - COUs participated in REP exchanging only transmission costs.

Transmission in Previous ASCMs

- 1984 ASCM –
 - Found there was no legal requirement to include transmission costs in ASC.
 - Transmission costs were permissible as a matter of “policy”.
 - BPA allowed existing transmission costs into ASC; future transmission costs allowed in only if needed for generation integration.

Transmission in Previous ASCMs

- 1996 – BPA unbundled Power and Transmission rates.
- 2000 – BPA developed separate Power and Transmission revenue requirements, repayment studies.
 - Power customers hold transmission contracts with BPAT and pay transmission rates for the recovery of the FCRTS costs.

Transmission in Previous ASCMs

- 2008 ASCM
 - Reiterated that transmission not required to be in ASC.
 - Allowed all transmission costs back into ASC as a matter of policy, identified policy reasons for the change.
- 7(b)(2) Rate Test Implications
 - PFx Rate does not include transmission costs.
 - BPA *includes* BPA's NT transmission costs when developing its rates to determine cost/benefits of REP.
 - BPA *excludes* BPA's NT transmission costs from ASC to run Section 7(b)(2).

Proposal for 2026 ASCM

- Remove all transmission costs from ASC, except for:
 - Third-party wheeling transmission costs (Account 565).
 - Transmission associated with Sales for Resale (Account 447).
 - BPA assumes the Sale for Resale credit is lower as a result of transmission (delivery) costs.
 - BPA will add a line item to the Appendix 1 for additional transmission costs associated with Sales for Resale not otherwise accounted for in Account 447.
 - Utility must provide documentation to support inclusion of additional transmission costs with Account 447, subject to BPA review.
 - These “transmission” costs are equivalent to the costs BPA Power recovers in the PF rate.
- Reasoning
 - Ties better to the statutory language.
 - Implementation of section 7(b)(2) is cleaner.
 - Ensures REP benefits paid based on actual generating resource costs, rather than increased transmission costs.

Injuries and Damages (925)

Presenters – Neal Gschwend

Attorney-Advisor

Injuries and Damages – Background

- Current ASCM treats Account 925 as a direct input, with Labor Ratio functionalization to Production/Transmission/Distribution.
- These amounts can be large, and it appears state commissions do not uniformly allow them as a direct input to be recovered in rates.
 - For example, a regulatory body might allow 50% to be recovered over 20 years, rather than 100% in a single year.
 - This could cause a large disparity between a Utility's ASC and its retail consumers' rates.

Injuries and Damages – Initial Proposal

- Rely on Regulatory Body expertise.
 - While the current ASCM largely moved away from the jurisdictional approach to the FERC Form 1 approach, the current ASCM still relies on state commissions for fact-intensive, policy-laden issues like Return on Equity, regulatory assets and liabilities, and public purpose charges.
- To include Account 925 injuries and damages:
 - Account 925 functionalized to DIST/OTHER.
 - Replaced by a new input where the Utility submits state orders specifying amounts of Account 925 costs approved for retail rate recovery during the Base Period.
 - Total amount subject to Labor Ratio (same as current ASCM re 925).
 - ASCM will not allow double recovery of these costs housed in other accounts (e.g., Regulatory Assets or Liabilities).

Energy Storage Plant (387)

Presenter – Neal Gschwend

Attorney-Advisor

Energy Storage Plant – Background

- FERC Order 898 revised accounts for Energy Storage Plant.
 - Used to have separate accounts for each function (348, 351, 363)
 - Now a single set of “Energy Storage Plant” accounts (387-387.12)
- The ASCM will need to functionalize these costs to Production, Transmission, and Distribution/Other.

Energy Storage Plant – Background

- Batteries can serve multiple uses, and there is not a clear rule for functionalizing their costs. Batteries might be used for, e.g.:
 - Arbitrage
 - Firm Capacity
 - Ancillary Services
 - Deferring Distribution Investments
 - Reduce end-use consumer demand charges
 - Peak Shaving
 - Operating Reserves
 - Deferring Transmission Investments
 - Advanced microgrid setup
 - Black Start
- FERC has approved Storage as Transmission-Only Asset (SATOA).
- Batteries may appear uneconomical compared to other Production technologies, but may be justified by a unique combination of values.
 - Cost causation might lead to recovering such costs from different functions.
- How a Utility chooses to use a battery may change over time.
- Regulatory bodies may apply a case-by-case analysis of use and cost-causation.

Energy Storage Plant – Initial Proposal

- Functionalize Accounts 387-387.12 using the PTD (Plant) ratio.
- Given the dynamic nature of the technology and industry, BPA Staff were concerned attempts at a more precise functionalization methodology would not age well.

New Large Single Loads

Presenter – Paulina Cornejo

REP Policy Lead

NWPA Exclusions of NLSLs

Section 5(c)(7) of the NWPA

The average system cost for electric power sold to the Administrator, under this subsection shall be determined by the Administrator on the basis of a methodology developed for this purpose in consultation with the Council, the Administrator's customers, and appropriate State regulatory bodies in the region. Such methodology shall be subject to review and approval by the Federal Energy Regulatory Commission. Such average system cost shall not include

- 5(c)(7)(A) the cost of additional resources in an amount sufficient to serve any new large single load of the utility;
- 5(c)(7)(B) the cost of additional resources in an amount sufficient to meet any additional load outside the region occurring after the effective date of this Act; and
- 5(c)(7)(C) any costs of any generating facility which is terminated prior to initial commercial operation.

1981 ASCM Treatment of NLSLs

- Footnote 15(b) of the 1984 ASCM determined resource costs to serve NLSLs as follows:
 - (1) Resources dedicated to NLSL;
 - (2) Power purchases from BPA at the NR rate;
 - (3) A pool of the utility's resources not committed to its load as of September 1, 1979; and
 - (4) Most recently acquired baseload resource or LT power purchases.

1984 ASCM Treatment of NLSLs

- Endnote f/ of the 1984 ASCM determined resource costs to serve NLSLs as follows:
 - (1) Resources dedicated to NLSL, and applicable Transmission;
 - (2) Power purchases from BPA at the NR rate;
 - (3) At average of all baseload resources not committed to its load as of September 1, 1979, and LT power purchases;
 - (4) At the cost of the most recently completed or acquired baseload resource or LT power purchase;
 - (5) If the NLSL is served on any energy or capacity interruptive basis, the Utility would provide BPA the fixed and variable costs of that service.

Summary of Proposed Changes to NLSLs

- Move Endnote d/ to the main body.
- Segregate Endnote d/ into two sections: (1) “Base Period NLSL”, and (2) “Exchange Period NLSL”.
- Draft new treatment for determining a Utility’s resource costs to serve its NLSL.
- Remove the NLSL exception.
- Remove the NLSL Formula Rate.

2008 ASCM Treatment of NLSLs

- Endnote d/ of the 2008 ASCM rolls over three sub-provisions to determine the resource costs of serving a Utility's NLSLs included in both the 1981 and 1984 ASCMs.
- Endnote d/ calculates NLSL resource costs as follows:
 1. For resources dedicated to serving a Utility's NLSL, the costs are those of the resource(s).
 2. For Utilities serving their load with NR power from BPA, apply BPA's NR rate.
 3. For all other, the costs are the weighted fully allocated costs of all the Utility's post-1979 resources and LT power purchases.

2008 ASCM – Endnote d/(3) Visual

- The Appendix 1 'NLSL Base New Calculation' tab performs Endnote d/(3).
- The averaged resource costs are then adjusted for Transmission.
- The fully allocated resource cost is multiplied by the NLSL MWh to derive the cost to remove from the Utility's ASC.

Year in Service			Kettle Falls	Colstrip 3 & 4	Boulder Park	Rathdrum	Spokane N.E.	Covote Springs 2	
Fuel	Wind	Form 1 LF	Geo-Therm	Coal	Natural Gas	Natural Gas	Natural Gas	Natural Gas	
Energy (kWh)	0	19,124,000	308,291,000	1,641,846,000	63,905,000	779,307,000	112,000	2,265,353,000	5,077,938,000
Gross Plant in Service	\$0		\$145,991,402	\$350,343,741	\$34,233,031	\$66,029,041	\$14,481,395	\$204,960,752	\$16,039,362
Accumulated Depreciation	\$0							\$ 69,678,243	\$ 69,678,243
Net Plant In Service	\$0	\$0	\$145,991,402	\$350,343,741	\$34,233,031	\$66,029,041	\$14,481,395	\$274,638,995	\$85,717,605
Fuel Stock									0
Alloc. Plant Materials & Supplies	Maintenance and Supplies costs included in NLSL Resource costs will be calculated using NLSL Functionalization Ratios.								12,772,256
Allocated General Plant - Net	General Plant costs included in NLSL Resource costs will be calculated using NLSL Functionalization Ratios.								7,053,403
Total "Rate Base"	\$0	\$0	\$145,991,402	\$350,343,741	\$34,233,031	\$66,029,041	\$14,481,395	\$274,638,995	\$905,543,265
Weighted Cost of Capital	8.31%	8.31%	8.31%	8.31%	8.31%	8.31%	8.31%	8.31%	8.31%
Return on Capital	\$0	\$0	\$12,131,886	\$29,113,565	\$2,844,765	\$5,487,013	\$1,203,404	\$22,822,501	\$75,250,645
Annual Depreciation Expense									
Production Plant	\$0								0
General Plant	General Plant Depreciation expense included in NLSL Resource costs will be calculated using NLSL Functionalization Ratios.								400,164
Total Annual Depreciation Expense									400,164
Operations Expense Less Fuel	\$0		\$2,109,629	\$9,409,687	\$302,273	\$279,621	\$56,943	\$2,132,077	\$14,290,230
Maintenance Expense	\$0		\$2,850,337	\$7,679,310	\$737,876	\$325,657	\$76,906	\$2,285,568	\$13,955,654
Fuel			\$11,997,451	\$34,049,395	\$1,982,207	\$28,638,414	(\$4,255)	\$46,437,759	\$123,100,971
Allocated A&G	A & G costs included in NLSL Resource costs will be calculated using NLSL Functionalization Ratios.								\$17,472,569
Purchased Power Expense		\$1,210,852							\$1,210,852
Federal Employment Taxes	Federal Employment Taxes included in NLSL Resource costs will be calculated using NLSL Functionalization Ratios.								\$2,808,546
State Employment Taxes	State Employment Taxes included in NLSL Resource costs will be calculated using NLSL Functionalization Ratios.								\$18,048
Property Taxes	Property Taxes included in NLSL Resource costs will be calculated using NLSL Functionalization Ratios.								\$6,091,799
Fully Allocated Cost (\$)									\$254,599,479
Fully Allocated Cost (\$/MWh)									\$50.14
Average Cost of Post-1979 Base Period Resources									\$50.14
ASC Transmission									\$0.00
2023 cost of serving NLSLs under Endnote d									\$50.14

2026 ASCM – Proposed NLSL Treatment

New provision to replace Endnote d/:

- ...remove from the Utility's Base Period ASC the cost of additional resources sufficient to serve any New Large Single Load (NLSL) that was not contracted for, or committed to, prior to September 1, 1979. The commensurate resource costs to be removed will be determined as follows:
 1. Utilities with NLSLs that become operational as of the effective date of this 2026 ASCM, the resource costs will be based first on the average costs of post-2026 resources and LF power purchases, and then at the Utility's Base Period ASC for any remaining NLSL load.
 2. For legacy NLSLs online prior to the effective date of this 2026 ASCM, the resource costs will be based on the Utility's Base Period ASC.

2008 ASCM – Endnote d/ Escalation of NLSLs

- Endnote d/ provides escalation of Base Period NLSL load and costs to the Exchange Period as follows:
 1. Escalate fully allocated resource costs of NLSLs.
 2. Adjust for transmission.
 3. Add fully allocated costs of major resource adds/removals.
 4. The costs to serve NLSLs will change with resource adds/removals.
 5. The Exchange Period NLSL load will equal the Base Period NLSL load.

2026 ASCM – Proposed Escalation of NLSLs

- Bonneville will escalate the components of the resource costs used to serve NLSLs to the Exchange Period as follows:
 1. Escalate the components of the fully allocated resource costs to the Exchange Period.
 2. Add the fully allocated costs for major resource additions/retirements to the Exchange Period fully allocated costs.
 3. The costs to serve NLSLs may change when the ASC changes due to resource additions/retirements.
 4. The Exchange Period NLSL load will equal the Base Period NLSL load.

Addressing the NLSL Exception

- The 2008 ASCM Final ROD at 89 recognized instances where a Utility's ASC could increase from the removal of an NLSL and associated resource costs. BPA was concerned such result went against the intent of the REP.
- The 2008 ASCM addressed this concern by disallowing a Utility's ASC to increase from the removal of NLSL load and associated resource costs.
- For the 2026 ASCM, BPA is proposing to eliminate this exception and remove NLSLs and associated resource costs from a Utility's ASC regardless of effect.

Addressing NLSL Formula Rate

- For the BP-14 ASC Review Process, BPA and Utilities adopted the NLSL Formula Rate to adjust utilities' ASC when an NLSL become operational during the Exchange Period.

$$\text{ASC} = \frac{\text{Contract System Cost} - (\text{Cost of Serving New NLSL} * \text{Actual New NLSL MWh})}{\text{Contract System Load MWh} - \text{Actual New NLSL MWh}}$$

- For the 2026 ASCM, BPA is proposing to eliminate the NLSL Formula Rate and not adjust ASCs during an Exchange Period for NLSLs that become operational in this timeframe. New NLSLs will be picked up in subsequent ASCs.

Escalation Factors

Presenter – Michael Edwards

REP Technical Lead

Escalation Provision Proposal

- The 2008 ASCM specifically names Global Insight as the source of escalation data.
- For the 2026 ASCM, BPA proposes to replace Global Insight with a general third-party reference.

Meeting Load Growth for ASC Determinations

Presenter – Michael Edwards

REP Technical Lead

Proposed Purchase & Resale Weighting

- Purchase & Sales for Resale data from Appendix 1
 - Currently, data from the base year and the previous two years are used to calculate the weighted average Purchase & Sales for Resale prices. The input is used in the ASC Forecast Model for modeling Purchases & Sales for Resale into the Exchange Period dependent on the load forecast and new resources.
 - Staff proposes using a 5-year weighted average instead of the current 3-year weighted average. Weighting over five years instead of three mitigates volatility by shifting the base year weight from 50% to 33%.

Example Years		5 yr. weighting		3 yr. weighting	
2026	Base	5	33%	3	50%
2025	Base-1	4	27%	2	33%
2024	Base-2	3	20%	1	17%
2023	Base-3	2	13%		
2022	Base-4	1	7%		

Summary of Proposed Changes to the ASCM

Presenter – Paulina Cornejo

REP Policy Lead

Proposed to Carry Forward from 2008 ASCM

- Retain the FERC Form 1 (FF1) as the source data to populate the Appendix 1 and determine Utilities' ASCs.
- Set Base Period ASCs from historical FF1 data and escalate forward to establish Exchange Period ASCs.
- Maintain the Major Resource additions and removals provisions, and the Materiality thresholds.
- House the ASC Review Process procedural requirements in the Rules of Procedure and ASC Confidentiality Rules.
- Table 1: Functionalization and Escalation Codes remain unless otherwise proposed.

Proposed Structural Changes

- Segregate the ASCM into two main parts:
 - PART 1: ASC FERC Regs, Table 1, Endnotes and Appendix 1 Template
 - PART 2: BPA's ASC Rules of Procedure with embedded ASC Confidentiality Rules.
- Clarify the calculation of Base Period ASCs and Appendix 1 instructions.
- Move the Endnotes, as references, to Table 1 instead of the Appendix 1.
- Move the substantive text from the Endnotes into the body of the ASCM in Section 301.4 – Base Period ASC.

FERC Account Adds and Removals

- BPA is proposing to remove the following accounts as they are no longer listed on the FERC Form 1:
 - Account 108, Mining Plant Depreciation
 - Account 108, Leasehold Improvements
 - Account 906, Customer Service
 - Account 933, Transportation (Non-Major)
- BPA proposes adding the below Accounts to the Table 1, functionalized to Production:
 - Solar Production, 338.1 – 338.13
 - Wind Production, 338.20 – 338.34
 - Other Renewable Production, 339.1 – 339.13

Proposed Updates to 2008 ASCM Endnotes

- Endnote b/: Clarify the Federal Income Tax Rate in the “Rate of Return” tab to reflect the then in-effect rate.
- Endnote e/: Pare down the Distribution Loss Calculation to Method 3.
- Propose to average to the Mid-point Exchange Period by averaging forecasted start and end date of ASCs.
- Remove Above-RHWM and COU references.

Proposed Changes to Transmission, Acct 925 and ESP

- Transmission: Propose to disallow into ASCs all transmission costs, except for third-party transmission costs and transmission associated with sales for resale.
- Injuries and Damages: Propose to functionalize by the PTD ratio the portions of Account 925 approved for recovery by Utilities' state commissions.
- Energy Storage Plant: Propose to functionalize costs of energy storage plant using the PTD ratio.

Proposed Treatment of NLSLs

- Segregate Endnote d/ into two sections: (1) “Base Period NLSL”, and (2) “Exchange Period NLSL”.
- Draft new treatment for determining a Utility’s resource costs to serve its NLSL.
- Remove the NLSL exception.
- Remove the NLSL Formula Rate.

Q&A



Next Steps: Preliminary Draft & WS 3

Workshop 1: Oct. 23rd

- ASCM Structure
- ASC Review Process and Rules of Procedures
- Sections Carried Forward
- Updates to FERC Accounts and ASCM Sections
- Functional Overview of Appendix 1 and Forecast Model
- WS 2 Topics

Workshop 2: Dec. 3rd

- Phase 2 Schedule Changes
- Proposed Changes:
- Transmission Costs
 - Injuries and Damages (Account 925)
 - Energy Storage Plant
 - Treatment of NLSLs
 - Source of Escalation Data
 - Meeting Load Growth

Preliminary ASCM Release: Dec. 10th

- BPA releases Preliminary ASCM Draft for informal comment.
- Regional parties submit informal comments to the REP2028@bpa.gov inbox.

Workshop 3: Dec. 16th

- Questions on WS 1 and 2 Content
- Walkthrough entire ASCM
- Walkthrough Appendix 1 Template and Forecast Model
- Customer-led Topics

Close-out

Presenter – Scott Winner

Power Planning and Forecasting Supervisor

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

