

Regional Dialogue Guidebook

*Background on Products, Rates, and Resource Support Services available to
BPA's Public Utilities*

Updated February 8, 2008

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Introduction

This guide provides descriptions of proposed products for Regional Dialogue contracts and is offered for information purposes only. This guide solely discusses products available to public body, cooperative, and Federal agency customers (“public customers”) that are preference customers of BPA. BPA intends to draft its contract templates in accordance with these product descriptions and will make the draft contracts available for public review and comment in the spring of 2008. To the extent BPA modifies the contract drafts based on comments or based on the outcome of the Tiered Rates Methodology section 7(i) rate proceeding, these product descriptions may be updated prior to offering final contracts to customers. This guide also presents descriptions of the concepts associated with the currently discussed Tier 2 rate alternatives and the suite of Resource Support Services (RSS). While the descriptions below may refer to rates and charges, all products and services described in this guide will be subject to applicable rates and charges to be established through future section 7(i) rate proceedings.

Defined Terms

Tiered Rates Methodology – BPA intends to propose a long-term Tiered Rates Methodology (TRM) to establish a predictable and durable means by which to tier BPA’s priority firm (PF) rate. BPA proposes a two-tiered PF rate design applicable to requirements firm power service for the purpose of differentiating between the costs of service associated with the existing Federal system and the cost associated with additional amounts of power needed to serve a customer in excess of that amount. The TRM specifies how costs will be allocated to the PF Tier 1 rates and the PF Tier 2 rates.

Contract High Water Mark – Contract High Water Marks (CHWM) are the starting point for separating which portion of each customer’s net requirements purchase from BPA is charged Tier 1 rates and which is charged Tier 2 rates. BPA is proposing to establish a CHWM based on an approach established in the TRM. The CHWM will be specified in each customer’s contract.

Rate Period High Water Mark – A Rate Period High Water Mark (RHWM) will be calculated in each power rate case that adjusts the CHWM amount based on the changes in projected amounts of firm power from the Federal Base System (FBS) (such as changes due to fish recovery requirements and increases due to investments in system improvements) and augmentation amounts established for service under Tier 1 rates in the TRM. A customer's RHWM establishes the amount of power that will be available to it for a rate period at Tier 1 rates, subject to limitation by the customer's net requirement.

Existing Resources – Those declared specified resources subtracted from the customer's Total Retail Load when calculating the customer's CHWM.

New Resources – Specified or unspecified resource amounts dedicated in the Regional Dialogue contract to serve above-RHWM load.

Lockdown Date – This references the time prior in each rate case at which amounts of above-RHWM load served at Tier 2 rates or with customer resources is known for rate-making purposes.

Total Retail Load – Total Retail Load (TRL) means all electric power consumption within a customer's service area, including electric system losses, within a utility's distribution system as adjusted for: (1) unmetered loads or generation; (2) non-firm or interruptible loads; (3) transfer loads of other utilities served by the customer and the customer's transfer loads located in other control areas; and, (4) losses on the customer's transmission system.

Resource Support Services – Resource Support Services (RSS) are services necessary to integrate resources used to meet a customer's regional firm consumer requirements load after the resource has been firmed within the hour. Customers can acquire these from non-BPA sources for their non-Federal resources or from BPA within certain limitations. BPA will use the same pricing methodology applied to its public customers' non-Federal resources and to resources BPA acquires to serve PF load at Tier 2 rates.

Conditions and Terms of Service Applicable to All PF Requirements Products

Availability: These products and services are available to public customers of BPA requesting firm power service pursuant to section 5(b)(1) of the Northwest Power Act.

Limitations: A Public Customer or Joint Operating Entity (JOE) customer may hold only one PF Requirements Service contract (i.e., Load-Following, Block, and Slice/Block) at a time.

Purchase Period: 20-year contract (FY 2009-2028) for 17 years of power deliveries (FY 2012-2028).

Payment Obligation: Take-or-pay.

Application of *Consumer-Owned, Non-Federal Resources:* See Long-Term Regional Dialogue Final Policy (RD Policy) for treatment of existing consumer-owned resources. Specifically:

At the time Regional Dialogue contracts are signed, a utility customer that serves consumers that own and operate generation resources (e.g., cogeneration) will have a one-time right to establish how existing consumer-owned resources in its service territory will be used during the term of the contract. For CHWM purposes, rather than using metered generation amounts, BPA will count the FY 2010 consumer-owned generation amounts serving load as equal to the amount of consumer-owned generation the utility obligates itself to apply to load in FY 2012 at the time it signs the Regional Dialogue contract.

“New” consumer-owned resources may be applied to meet above-RHWM load. To apply these resources, a consumer resource will have to be identified by the public customer with same

notice and commitment periods applicable to any other addition of a non-Federal resource to meet above-RHWM load.

Changing Products: A customer is generally not expected to change its requirements service product during the term of its Regional Dialogue contract. However, the Regional Dialogue contract will provide a customer a one-time right to change its product in FY 2020 (with notice provided by FY 2017). A customer that chooses to change products will be subject to charges to ensure that other customers are not materially harmed and are made financially whole. While the contract will only establish a one-time right to switch products, BPA will consider additional requests to change products and may consent to mutually agreeable product changes.

Part 1: Products

1. Load-Following Product

Product Description Summary:

Under this product BPA will provide public customers firm power service that meets the customer's TRL less its non-Federal firm resources used to serve its load. For metered customers, BPA will offer Load-Following service for any amount of firm load that is not served by the utility's own resources. The costs associated with the energy and capacity necessary to provide the Load-Following service will be recovered in Tier 1 charges for energy and capacity rates. If a customer wishes to have BPA provide power service for some or the entire load above its High Water Mark (HWM), the costs associated with the provision of this service will be recovered in the monthly Tier 2 energy charges associated with the Tier 2 option(s) selected.

Under the Load-Following product, when a customer elects to use its non-Federal resources to serve a portion of its load, it must do so consistent with section 5(b)(1) of the Northwest Power Act. Depending on the type of resource and its output, additional RSS will be required to be purchased either from BPA or non-Federal sources for purposes of integrating the resource. When these resource services are supplied from sources other than BPA, a customer will have several options for shaping its resources to load, which are described below. If a customer selects BPA as their provider for these additional services, the services will be priced at the marginal costs of providing the service.

As described in greater detail below, customers taking RSS from BPA for their non-Federal resources are allowed to have actual resource amounts applied to load different from planned amounts. Customers serving their load with declared and non-BPA supported specified or unspecified resource amounts must apply those resource amounts as planned, otherwise they will face applicable penalties, such as the unauthorized increase charge (UAI).

Terms of Service

General Description: The Load-Following product supplies the customer firm power to meet the customer's TRL, less the firm power from the customer's dedicated non-Federal resource generation amounts (whether from declared specified resource or declared unspecified resources) and net of any declared metered "behind the meter" non-Federal resource amounts. The Load-Following product is not available to a customer operating its own balancing authority (formerly known as control areas).

Applicable Rates and Billing Factors: The Load-Following product will be provided and priced according to the rate design adopted in the TRM or future rate cases, if applicable. Currently BPA expects the applicable PF rates will include: Tier 1 composite customer charge; Tier 1 non-Slice customer charge; Tier 1 load-shaping charge; Demand; and potentially a Load-Following charge. For customers electing to have BPA serve load above their RHWMs, that service is priced as if delivered in a flat annual average block of energy, and a Tier 2 energy rate will be applied. Federal power taken beyond a customer's contract entitlement will be subject to penalty charges.

Customer-Owned, Non-Federal Resource Declarations:

1. Threshold for Tracking Resources. BPA recognizes that many customers have small resources located within their distribution system and "behind the customer's meter" where the administrative cost of tracking resource amounts would exceed any benefits derived from doing so. For this reason, BPA will not track individual resources with less than 200 kW in nameplate capacity. In addition, for resources exceeding the 200 kW threshold, BPA will allow up to 1 MW in aggregate nameplate capacity to be considered as load variations and effectively "net metered" against load. RSS will not be required unless customer resources exceed these thresholds.

2. Dedicated Amounts from Specific Resources – With BPA RSS. For generating resource amounts dedicated to the customer's firm load that are greater than 1 MW in nameplate capacity,

RSS will be required either from BPA or a non-Federal source. If BPA RSS is selected, the monthly resource shape will be based on the expected or historical generation. Allowable planned resource shapes for dedicated resources supported by non-BPA sources are described below.

3. Dedicated Amounts from Specific Resources – Without BPA RSS. Resource amounts dedicated to the customer's firm load that are greater than 1 MW in nameplate capacity that are supported by non-BPA RSS can be declared in their historical or expected monthly shape, or reshaped by the customer to either the customer's monthly TRL shape as described below or to a flat block. The diurnal shape for Heavy Load Hours (HLH) and Light Load Hours (LLH) can be based on either the planned diurnal shape of the resource, reshaped to flat within-the-month, or reshaped into flat diurnal amounts where energy from LLH amounts are moved into HLH periods. Prior to each rate case, customers will have the option of further refining their HLH block amounts by reshaping the HLH energy to increase resource amounts in BPA-specified super peak hours in the rate period. BPA will credit those super peak amounts against the customer's system peak for billing purposes.

4. Amounts from Unspecified Resources or Contract Resources. Customers' declared unspecified resource amounts and declared contract resources (other than annual shares of a resource's output which are treated as established in 2 and 3 above) can be applied flat annually, shaped to the customer's monthly TRL shape, or in combination with dedicated resource(s) in the shape of the customer's monthly TRL. The diurnal shape for HLHs and LLHs can be flat within-the-month or reshaped from flat diurnal amounts by moving LLH amounts into HLH periods. Prior to each rate case, customers will have the option of further refining their HLH block amounts by reshaping the HLH energy to increase resource amounts in BPA-specified super peak hours in the rate period. BPA will credit those super peak amounts against the customer's system peak for billing purposes.

5. Shaping Resources to Total Retail Load. When a customer commits to provide resources in its TRL shape, the TRL shape will be the customer's FY 2010 TRL shape used to calculate its

CHWM and for the FY 2012-2014 and FY 2015-2019 commitment periods. The shape used for the customer's TRL will be updated twice: The customer's FY 2015 TRL shape will be used for the FY 2020-2024 commitment period and the customer's FY 2020 TRL shape will be used for FY 2025-2028 commitment period. A customer's election to provide a resource in their TRL shape must occur when it provides notice for a commitment period. The energy amounts that are applied to that monthly shape will be established prior to each rate case based on the new RHWM and load forecast.

Service to Load Above RHWM: A customer may choose to have its net requirement above its RHWM served by BPA at Tier 2 rates, consistent with the appropriate notice and commitment requirements. The Tier 2 rate alternatives currently expected to be available are the Load Growth Tier 2 rate, the Short-Term Tier 2 rate, and the Resource-Specific Vintage Tier 2 rate. See Part 2 for additional detail on these alternatives.

Alternatively (and subject to its Tier 2 rate election), a customer may add its own non-Federal resources as described above to serve all or part of its TRL above its RHWM with non-Federal resources under comparable notice and commitment period to purchases at the Short-Term Tier 2 rate. The customer's Load Shaping charges will be adjusted by any resource shaping charges already applied to financially convert a customer resource to an annual flat block. Transmission losses for a customer's non-Federal resource(s) are not included in this product and will have to be procured by the customer when using non-Federal resources to serve its load.

Resource Removal Rights for New Resources: Specific annual resource removal rights for new resources will not generally be applicable for Load-Following customers since the rate design that BPA is proposing in the TRM will automatically provide a customer that loses load the projected monthly market value of those new resources through the Load Shaping charge. Consequently, the Load Shaping charge takes care of the economic consequences of load loss that the annual resource removal rights are designed to cover.

The exception to this general application is that Regional Dialogue contracts will allow for new resource removal for a rate period in the instance that above-RHWM load amounts for a customer decline from one rate period Lockdown Date to the next. This will allow customers with the ability to remarket power themselves the opportunity to do so.

Transmission Scheduling Service: Under the Load-Following product, transmission scheduling service for both Federal and non-Federal resources by BPA will be provided to customers served by a transfer arrangement managed by BPA (in which BPA holds the transmission contract with the Third Party Transmission Provider). It will also be provided to customers with a BPA Network Transmission (NT) contract and who either (1) purchase power from BPA at a Tier 2 rate or (2) purchase the Flattening Service or Secondary Crediting Service from BPA. Scheduling service from BPA will be optional for Load-Following customers with a BPA NT contract serving their entire above-RHWM load with declared unspecified resource amounts or declared resources supported with non-Federal support services. There may be a charge associated with BPA's transmission scheduling service.

Scheduling Provisions: Unless taking Transmission Scheduling Service from BPA, customers must schedule their load service in accordance with BPA's scheduling parameters/procedures.

Meeting Energy and Capacity Resource Adequacy Standards: BPA is responsible for meeting energy and capacity adequacy standards for the portion of a customer's TRL that is served by BPA. Customers are responsible for meeting energy and capacity standards for the portion of TRL not served by BPA.

Transmission Losses: Included for the customer's purchase from BPA.

Interactions with Other Services

Load Growth Tier 2 Rate and Shared Rate Plan: Under the Load-Following product customers will have a one-time right to sign up to receive their firm power service through the

Load Growth Tier 2 Rate. If they do, they may also sign up for the Shared Rate Plan (SRP). The SRP provides that all service to the customer's load above its RHWM will be at a melded rate, reflecting the individual amounts of Tier 1 power available to each customer in the SRP with all remaining load met by the Load Growth Tier 2 rate. This election must be made by November 1, 2009 and is discussed in more detail in Part 2 of this guidebook.

Load-Following Product with BPA-Managed Transmission Service: BPA will work with Load-Following customers with a BPA NT contract that request their entire above-RHWM load be served at the Load Growth Tier 2 rate, to develop a Load-Following product and BPA-managed transmission service. The customer will continue to hold its contract but would assign to BPA certain responsibilities beyond simply providing scheduling services.

REC Sales Program (formerly Environmentally-Preferred Power, or EPP): See Part 1, Section 4 for explanation of the REC Sales Program.

Transmission and Ancillary Services: For the Load-Following product, BPA includes the Energy Imbalance service. No other Transmission and Ancillary Services are included, but can be acquired through a separate contract with BPA Transmission Services.

Transfer Service: A purchaser of a Load-Following product may use BPA transfer service when available to the customer.

Resource Support Services: Available for resources of the customer that are dedicated to load. These services include: Flattening Services (FS), Forced Outage Reserves (FOR), Secondary Crediting Service (SCS), and (on an availability basis) Resource Remarketing Service (RRS). See Resource Support Services descriptions for additional detail on these services.

2. Block Product

Product Description Summary:

The Block product will provide a planned amount of firm power to meet a customer's planned annual net requirement load. The customer is responsible for using its own non-Federal resources or unspecified resources dedicated to its TRL to meet any load in excess of the planned monthly BPA purchase. The costs associated with the energy and capacity necessary to provide this service will be reflected in Tier 1 charges for energy and capacity. To the extent a customer wishes to have BPA provide service for a portion of its planned load above a customer's RHWM, the costs associated with BPA providing this service will be charged as monthly Tier 2 energy charges consistent with the Tier 2 rate alternative selected by the customer. This section provides information on the stand-alone Block product not the Slice/Block product which is discussed later in Section 3 of Part 1 in this guidebook.

Block Product Shapes. Customers may choose between two shapes for the Block product. The first is a Flat Block which delivers an equal amount of power in all hours of the year. The second is a Shaped Block which is available to customers for that portion of a customer's block service that is charged at Tier 1 rates, shaped to the customer's forecast monthly net requirement.

Alternatives for the Shaped Block. The monthly shape of the Shaped Block for amounts of power priced at Tier 1 rates will be the monthly shape of the customer's load measured for CHWM purposes in FY 2010, adjusted by the resources used to establish the CHWM (firm resource amounts for FY 2010 as of September 30, 2006, and adjustments established in BPA's RD Policy). These resource amounts will be applied in the same monthly shape as established in the customer's Subscription contract. The resource adjustments provided for in BPA's RD Policy will be applied as a flat annual block. The monthly block amounts will be established either in a flat monthly amount or in flat monthly diurnal amounts with up to 60 percent of the megawatt hours in the monthly HLH period, not to exceed the HLH net requirement amount. Once the shape for the Shaped Block is established it will not change during the contract term.

Customers choosing the Block product will also be able to add a shaping capacity product to it, if their net requirement load allows for it. Shaping capacity allows the Block customer to pre-schedule a reshaped HLH block from its planned flat average HLH block.

Terms of Service

General Description: This product provides firm power each month on a planned basis to meet a customer's planned annual net requirement load. The product is not a Load-Following product and provides for no hourly changes in planned power amounts except for allowable changes in conjunction with the shaping capacity if purchased by the customer. The customer is responsible for meeting the remainder of its consumer firm load with its own resources.

Applicable Rates and Billing Factors: The Block product will be provided and priced according to the rate design adopted in the TRM or future rate cases, if applicable. Currently, BPA expects the applicable PF rates will include: Tier 1 composite customer charge; Tier 1 non-Slice customer charge; Tier 1 Load Shaping charge; and Demand (if taking Shaping Capacity). For customers electing to have BPA serve load above their RHWMs in flat annual blocks of energy, Tier 2 energy rates will be applied. Federal power taken beyond a customer's contract entitlement will be subject to penalty charges.

Customer-Owned, Non-Federal Resource Declarations:

- 1. Existing and Declared Resources.* Must be declared as in Subscription contract, except for specific resources for which BPA has made a section 5(b) determination, as noted in the RD Policy.
- 2. New and Declared Resources.* Must be declared according to BPA's section 5(b) policy and the resource declaration parameters.
- 3. Unspecified Resource Amounts.* Declared amounts of monthly HLH and LLH power the customer obligates itself to supply from unidentified purchases or resources. The customer must

provide the power in the amounts stated for each hour.

Service to Load Below-RHWM: The annual net requirement load service charged at Tier 1 rates will be the smaller of the customer's net requirement or its RHWM. Such power amounts will be provided either flat in all hours of the year, or in the shape allowed under the Shaped Block. The shape of the block amounts charged at Tier 1 rates is not subject to change during the contract term. Annual average megawatt changes may occur due to changes in RHWMs and/or net requirements. If the annual average megawatt block amount charged at Tier 1 rates must change, BPA will do so by increasing or decreasing all of the HLH and LLH amounts by the *same percentage* to arrive at the new annual average megawatt amount. Removal of resources discussed below will affect the annual net requirement for the customer, but will not result in a change in the shape of the Block.

Service to Load Above-RHWM: A customer may choose to have a portion of its planned net requirement load above its RHWM served by BPA at Tier 2 rates, in accordance with the applicable notice and commitment requirements. The only Tier 2 rates available to Block customers are the Short-Term Tier 2 or Vintage Tier 2 rates. Alternatively, a customer may choose to serve all or part of its TRL above its RHWM with declared non-Federal resources or purchases under comparable notice and commitment periods for purchases from BPA at the Short-Term Tier 2 rate. Transmission losses for customers' non-Federal resources are not included in this product and will have to be procured by the customer when using non-Federal resources to serve its load.

Resource Removal Rights for New and Existing Resources:

1. New Resources. Under the Block product contract a customer will have an annual right to remove all or a portion of its New Resources. The amount of new resource that may be removed on an annual basis will be limited to the amount of planned load loss above the customer's RHWM that the customer planned to serve but which is not forecast to materialize in the upcoming contract year. Any resource removed for the contract year must be made available in the next contract year if the planned load forecast increases.

2. *Existing Resources.* Removal of resources other than new resources will be allowed in limited circumstances. The Regional Dialogue contracts will provide a Block customer a right to remove resource amounts prior to the second year of a rate period when there is load loss that causes its net requirement in the second year of a rate period to dip below the block amount purchased in the first year of the rate period. To the extent that Block customers have existing resources, this will allow them to maintain their block amounts in the second year of the rate period

Transmission Scheduling Service: Not included.

Scheduling Provisions: Customers must schedule in accordance with BPA's scheduling parameters/procedures.

Meeting Energy and Capacity Resource Adequacy Standards: BPA is responsible for meeting energy and capacity adequacy standards for the portion of load that is served by BPA. Customers are responsible for meeting energy and capacity standards for the portion of TRL not served by BPA.

Transmission Losses: Included for the customer's purchase from BPA.

Interactions with Other Services

Shaping Capacity: The Block product can be combined with Shaping Capacity, as specified below.

REC Sales Program (formerly Environmentally-Preferred Power, or EPP). See Part 1, Section 4 for explanation of the REC Sales Program.

Transmission and Ancillary Services: Not included, but can be acquired through a separate contract with BPA Transmission Services.

Transfer Service: Block product may include transfer service when transfer service is available to the customer.

Resource Support Services: Firming and shaping services are available for renewable resources dedicated to customer load as a specific resource. Any other RSS will be at BPA's discretion, on an as available basis and subject to mutual agreement. All RSS for Block customers will be provided under the Federal Power System (FPS) rate schedule.

Block with Shaping Capacity Product

Block with Shaping Capacity: BPA will offer customers that purchase the stand-alone Block product a right to add Shaping Capacity to their block purchase. Monthly Shaping Capacity amounts would be based on the measured FY 2010 variance between the customer's monthly HLH customer's system peak and average HLH load for the month, and cannot exceed the customer's net requirement load amount for the month. The Shaping Capacity amounts will be established by the time delivery begins under the contract (FY 2012) and will remain fixed for the contract term. This shaping product will establish a daily range for each month within which a customer may reshape the daily HLH energy amount established for each month. Any Shaping Capacity a customer contractually adds to its purchase will be take-or-pay because BPA must reserve capacity sufficient to meet customer shaping requests. Also, BPA will establish hour-to-hour ramping limits for Shaping Capacity amounts that exceed 200 MW in total for all purchasers of the Block with Shaping Capacity product. Pre-schedules for Shaping Capacity must be submitted 24 hours in advance of the standard pre-schedule requirements (i.e., a day ahead of the pre-schedule day) or by 11:00 a.m. 2 days before delivery, whichever is earlier. BPA reserves the right to move this scheduling deadline back 2 hours if BPA believes it is necessary for its internal short-term hydro planning processes.

If net requirement load service at Tier 2 rates is purchased, the calculation that determines the purchased amount of shaping capacity will *not* be affected by the increased block quantity.

BPA will not provide LLH shaping capacity as a part of the standard product but would consider it through bilateral negotiation under the FPS rate schedule. Customers may negotiate such additional purchase amounts with BPA, subject to availability and under the then-applicable FPS rate schedule.

EXAMPLE

The following example steps through how to: (a) set a Shaped Block priced at Tier 1 rates (for just 1 month);(b) derive the Shaping Capacity purchase amount for this example month; and (c) use the Shaping Capacity purchase amount in a given day in that month.

a. Establishing a Block customer’s block service involves several pieces of information: (1) how has the customer committed to serve its above-RHWM load for FYs 2012-2014; (2) what is the customer’s FY 2010 monthly load data and resource information (for CHWM purposes and to set the monthly shape of the block charged at Tier 1 rates); and (3) what is the customer’s FY 2012 net requirement load. In this example, for simplifying purposes, it is assumed that the loads and resources used to establish this customer’s CHWM equal their net requirement load in FY 2012 and that this customer has had no load growth. In addition, this customer elected to serve its entire above-RHWM load with non-Federal sources for FY 2012-2014.

Example month (November)

	Monthly Load Amounts	Monthly Resource Amounts	Monthly Net Requirement
Total MWh	400,000	200,000	200,000
HLH (MWh)	300,000	150,000	150,000
LLH (MWh)	100,000	50,000	50,000
Peak (MW)	900	300	600

This customer’s monthly net requirement for November is 200,000 MWh or 278 aMW. It has 75 percent of its monthly MWhs in the HLH period. The Block product priced at Tier 1 rates only allows for up to 60 percent of the monthly MWhs to be in the HLH period, however. The

table below shows this customer's November block amounts priced at Tier 1 rates, including the adjustment from 75 percent to 60 percent in the HLH period.

	Step 1		Step 2		
	Monthly Net Requirement (MWh)	% of Monthly MWh	November Block Amounts Priced at Tier 1 Rates (MWh)	% of Monthly MWh	MW
Total	200,000		200,000		278
HLH	150,000	75%	120,000	60%	300
LLH	50,000	25%	80,000	40%	250

b. Deriving the Shaping Capacity purchase amount for an example month (November):

Determine the measured FY 2010 variance between the customer's monthly HLH peak and average HLH load for the month, and then compare that to the customer's net requirement amount (because that is its limit).

The customer's peak load for that month was 900 MW, compared to its average November 2010 HLH load (in aMW) = $300,000/400 = 750$ MW. The peak load is 1.2 times the average HLH load. Consequently, this customer can increase its HLH amounts purchased at Tier 1 rates by up to $1.2 * 300$, or 360 (and $300 + 60 = 360$ MW), on any given HLH in the month. Any given HLH can also be reduced by 60 MW, or to 240 MW.

c. Sample Day's Scheduled Tier 1-priced Block Amounts in November:

	With No Shaping Capacity Used	With 60 MW of Shaping Capacity Used	
Hour	Schedule	Schedule	Delta from Average
1	250	250	0
2	250	250	0
3	250	250	0
4	250	250	0
5	250	250	0
6	250	250	0
7	300	320	20
8	300	340	40
9	300	360	60
10	300	300	0
11	300	280	-20
12	300	240	-60
13	300	260	-40
14	300	290	-10
15	300	290	-10
16	300	300	0
17	300	300	0
18	300	340	40
19	300	330	30
20	300	300	0
21	300	280	-20
22	300	270	-30
23	250	250	0
24	250	250	0

3. Slice/Block Product

Product Description Summary

The Slice/Block product provides for the combined sale of two distinct power services to a customer's planned net requirement: Block service and Slice service.

Block Service. The Block service provided under the Slice/Block product will be provided in the same shapes (flat and shaped to forecast monthly net requirement) as described in Section 2 above with the following exceptions:

- **Shaped Block Limitations.** The Shaped Block is the same as described except that all monthly amounts are required to be flat in all hours of the month. No variance is allowed between HLH and LLH periods.
- **Shaping Capacity.** Shaping Capacity is not available for the Block service included in the Slice/Block product.

Slice Service. The Slice component provides power in the shape of BPA's generation from the Federal system resources over the year. The Slice power purchase amount is based on a calculated percentage, equal to a selected portion of the customer's planned net requirement load divided into the planned firm power from the Federal system resources, applied to actual power from the Federal system resources. The Slice percentage is calculated such that on a planned annual basis Slice power does not exceed the customer's net requirement when combined with the Block power. In certain periods of the year Slice will deliver more power than in other periods based on water conditions and system operations. Slice includes an advanced sale of surplus power (over-generation) in certain periods; e.g., the spring runoff period, and in certain conditions.

The Slice portion of the Slice/Block product provides for the sale of firm power and surplus firm power that is indexed to the variable energy output of the Slice system resources (the Slice system, which is equivalent to the resources and contracts available for Tier 1 service adjusted by

certain BPA contract obligations). The Slice product is a power sale subject to limitations and is not a sale of operational rights, Slice system resources, resource capability, or transfer of control of any Federal resources.

The amount of firm power available to a customer under the Slice portion is dependent on system operations, conditions, and system obligations. The energy available from the Slice/Block product may be equal to the difference between a customer's RHW and the amount of block power charged at Tier 1 rates. The Slice product's advance sale of surplus power also varies with hydro conditions, system obligations, and operating constraints. The term "Slice power" shall include amounts of firm power and surplus power.

Slice power is made available in quantities and shapes based on Slice system resource generation and certain power purchase contracts (augmentation) available for load service in FY 2011 at the Tier 1 rate. A Slice customer has the right to pre-schedule power from BPA based on a set of limits that reasonably represent the power and other defined services available for an hour, all within specified delivery limits as determined by BPA. The availability and limits may change hourly, daily, and weekly depending on system conditions. Customer requests for Slice power will be met by BPA but may not necessarily have a direct bearing on any actual operation of the Federal system. The Slice product will include some amount of power storage for customers that will reside in numerical accounts, and stored power is subject to changes in system conditions, e.g., spill. In addition, there is no guarantee that power made available under the Slice product will meet a customer's load need during any particular timeframe, be it hourly, daily, weekly, monthly, or annually. Customers who buy the Slice/Block product will be obligated to provide their own non-Federal power on all hours in which their TRL is in excess of the amount of Slice power available for load and their planned purchase amounts of block power.

There are inherent risks in the purchase of the Slice product:

- Slice power will be less during low water years, and may be less than the planned firm power based on critical water planning at the beginning of each contract year.

- Loss of Federal generation or changes in Federal generation will be reflected in the Slice system resources on both a planning basis year to year and an operational basis hourly. Such changes can increase or reduce Slice power availability.
- Additional non-power constraints, such as fish operations (i.e., increased flow or spill requirements, nitrogen saturation reductions, or other measures), may affect the amount of Slice power available.

Terms of Service

General Description: The Slice/Block product is based on a customer's annual net requirement load. The Slice service provides power in the shape of BPA's generation from the Federal system resources over the year. It provides firm power on a planned monthly basis, in addition to an amount of energy based on Federal system energy which can include over-generation, such that this product also includes an advanced sale of surplus energy. Block amounts are fixed amounts of power provided on a monthly basis for each hour of the month.

Applicable Rates and Billing Factors: The Slice/Block product will be provided and priced according to the rate design adopted in the TRM or future rates cases, if applicable. Currently, BPA expects the applicable PF rates will include: Tier 1 composite customer charge, Tier 1 non-Slice customer charge, Tier 1 Slice customer charge, and the Tier 1 Load Shaping charge. For customers electing to have BPA serve load above their RHWMs in flat annual blocks of energy, Tier 2 energy rates will be applied. Power taken beyond a customer's contract entitlement will be subject to penalty charges.

Customer-Owned, Non-Federal Resource Declarations:

1. *Existing and Declared Resources.* Must be declared as in Subscription contract, except for specific resources for which BPA has made a section 5(b) determination, as noted in the RD Policy.
2. *New and Declared Resources.* Must be declared according to BPA's section 5(b) policy and the resource declaration parameters.

3. *Unspecified Resource Amounts.* Declared amounts of monthly HLH and LLH power the customer obligates itself to supply from unidentified purchases or resources.

Non-Slice Requirements Service to Load: 30 percent of the Slice/Block customer's forecast net requirement in FY 2008 for FY 2012 must be served by the block service portion of the Slice/Block product that is charged at Tier 1 and Tier 2 rates.

Service to Load Below-RHWM: The annual net requirement load service charged at Tier 1 rates will be the smaller of the customer's net requirement or its RHWM. If a Slice/Block customer's purchase amounts at Tier 1 rates must change due to changes in either net requirement or the RHWM, the block service amounts will be all that is changed, as long as the block amounts can absorb such changes. The block portion of the Slice/Block product that is charged at Tier 1 rates is a planned amount of monthly power that is either (1) flat in all hours of the year, or (2) shaped to the customer's monthly net requirement load. The shape of the block priced at Tier 1 rates is not subject to change during the contract term. Annual average megawatt purchase amounts for each year may change due to changes in the RHWM or a customer's net requirement, as affected by resource removal rights. If the annual average megawatt block amount priced at Tier 1 rates must change, BPA will do so by increasing or decreasing all of the HLH and LLH amounts by the *same proportional* amount to arrive at the new average megawatt amount.

Service to Load Above-RHWM: A customer may choose to have a *portion* of its load above its RHWM served by BPA in a flat annual block of energy at Tier 2 rates in accordance with the applicable notice and commitment requirements. The only Tier 2 rates available to Slice/Block customers are the Short-Term Tier 2 or Vintage Tier 2 rates. Alternatively, a customer may choose to serve all or part of its load above its RHWM by adding its own non-Federal resources or purchases under comparable notice and commitment periods to purchases from BPA at the Short-Term Tier 2 rate. Transmission losses for customers' non-Federal resources are not included in this product and will have to be procured by the customer when using non-Federal

resources to serve its load.

Resource Removal Rights for New and Existing Resources:

1. *New Resources.* Under the Slice/Block product contract a customer will have an annual right to remove all or a portion of its new resources (“new” meaning specified or unspecified resource amounts dedicated in the Regional Dialogue contract to serve above-RHWM load.) The amount of new resources that may be removed on an annual basis will be limited to the amount of planned load loss above the customer’s RHWM that the customer planned to serve but which is not forecast to materialize in the upcoming contract year. Any resource removed for the contract year must be made available in the next contract year if the planned load forecast increases.

2. *Existing Resources.* Removal of resources other than new resources will be allowed in limited circumstances. The Regional Dialogue contracts will provide a right to remove resource amounts prior to the second year of a rate period when there is load loss that causes its net requirement in the second year of a rate period to dip below the Block amount purchased in the first year of the rate period. To the extent that Slice/Block customers have existing resources, this will allow them to both maintain their Slice and/or Block amounts in the second year of the rate period.

Transmission Scheduling Service: Not included.

Scheduling Provisions: Customers must schedule in accordance with BPA’s scheduling parameters/procedures.

Meeting Energy and Capacity Resource Adequacy Standards: BPA is responsible for meeting energy and capacity adequacy standards for the portion of load that is served by BPA. Customers are responsible for meeting energy and capacity standards for the portion of TRL not served by BPA.

Transmission Losses: Included.

Interactions with Other Services

REC Sales Program (formerly Environmentally Preferred Power, or EPP). See Part 1, Section 4 for explanation of the REC Sales Program.

Transmission and Ancillary Services: Not included, but can be acquired through a separate contract with BPA Transmission Services.

Transfer Service: Slice/Block product may include transfer service when transfer service is available to the customer.

Resource Support Services: Firming and shaping services are available for intermittent renewable resources dedicated to customer load as a specific resource. Any other RSS will be at BPA's discretion, on an as available basis and subject to mutual agreement. All RSS for Slice/Block customers will be provided under the FPS rate schedule.

4. Renewable Energy Certificates (REC Program)

Background:

BPA's Renewable Energy Certificates (RECs) are the renewable, non-power attributes associated with electricity generated by certain renewable resources marketed by BPA. RECs are not physical energy; they are a derivative of energy and are sometimes traded as a commodity. BPA offers RECs in 1 MWh amounts which can be used by customers to meet renewable portfolio requirements or for other renewable resource purposes. BPA's REC inventory is expected to be limited.

General Long-Term Regional Dialogue Contract Terms:

BPA will annually transfer a blend of RECs at no extra charge or premium from specified renewable resources within the Tier 1 rate pool resources to customers signing Regional Dialogue contracts with an individual customer CHWM. BPA's obligation to annually transfer RECs associated with Tier 1 renewable resources would run the full term of the contracts; however, BPA would have the right upon giving 5-years advanced notice to terminate the transfer of such RECs if, based on BPA's determination, carbon or some other form of renewable portfolio legislation applicable to BPA enacted after February 1, 2008, would cause BPA to incur compliance costs that would be reduced by such termination.

The amount of RECs transferred to individual customers will be based on the amount of RECs produced, less amounts associated with pre-existing EPP obligations. This amount will be multiplied by the ratio of each customer's RHWM to the total RHWM of all customers with an individual customer CHWM. Due to renewable generation variability, BPA will transfer RECs to customers holding these contracts after the fact on an annual calendar year basis.

Carbon Credits/Attributes:

Because there is uncertainty regarding green house gas and carbon-free value at this time, BPA

will include in an individual customer's HWM contract a statement that it intends to pass-on the value of carbon attributes or credits associated with the FCRPS to customers holding such contracts. For example, language that may be included is as follows: "In the absence of carbon regulations or legislation directly affecting BPA, it is BPA's intention to convey the value of any future carbon asset or credit associated with the FCRPS to customers with an individual CHWM. Such value could include reduced Tier 1 rates or the carbon credits themselves."

Tier 2 RECs:

BPA intends to sell at market prices the RECs associated with resources whose costs are assigned to Tier 2 rates other than Vintage Tier 2 rate. Any revenue from these REC sales will be credited to the rate pool to which those resources' costs have been allocated.

Resale Rights:

BPA customers will have the right to resell the RECs described above and other green attributes provided to them by BPA.

Part 2: PF Rate-Related Issues

A. Tier 1 Rate Design Proposal

Background. BPA is proposing a new rate design through its TRM that is intended to apply for the term of the Regional Dialogue contracts. This section provides a high level background on current thinking about the rate design for Tier 1 rates.

Customer Charges. The foundation of the new rate design is individual customer charges that recover the majority of Tier 1 costs. Most of BPA's Tier 1 costs will be common to all customers and will be allocated to each customer based on its rights to access Tier 1 energy. This will be the Composite Customer Charge. In addition to the Composite Customer Charge, customers' individual charges will be adjusted by costs and credits assigned to the specific BPA products they choose (Slice and non-Slice Customer Charges). For example, the non-Slice Customer Charge includes secondary revenue credits and the Slice Customer Charge includes the costs of computer systems developed solely to implement the Slice product.

In each general power rate case, BPA will establish the costs and credits applicable to each of the three cost pools (Composite, non-Slice, and Slice). The rate case will also lock down each customer's share of these costs based on their product(s) (Load-Following, Block, Slice/Block) and the amount of Tier 1 power available to the customer based on its RHWM (technically this amount is the lower of the RHWM or their net requirement). This is a customer's billing determinant called a customer's Tier 1 Cost Allocation (TOCA). For those who prefer formulas to words this would be calculated for each customer as its:

Percentage of Shared Costs +/- Percentage of Non-Slice Costs +/- Percentage of Slice Costs.

Each customer's TOCA is used to establish the annual dollar amounts that will be recovered from the customer through applicable Customer Charges. Currently, BPA is proposing to translate these annual amounts into a monthly bill by dividing the annual amount by 12. Once rates are set and the record of decision issued, customers will know what their Customer Charge bill will be for each month of the 2-year rate period. Tier 1 Customer Charge billing amounts are designed to cover the costs of providing power in the way the current FBS resources actually generate the power over the year. The Slice portion of the Slice/Block product provides power in the "raw" shape and therefore does not require additional charges from BPA (Load Shaping and Demand) to cover the costs of changing the shape from the "raw" output of the FBS to Load-Following customers' load and to Block customer's planned net requirements. These additional charges, Load Shaping and Demand, are discussed below.

Load Shaping Charge (for Load-Following and Block Products). In each rate case BPA will forecast the amount of energy produced by Tier 1 resources under critical water for each monthly HLH and LLH period. The annual amount of power available at Tier 1 rates for each customer will be distributed proportionally according to the energy available under critical water from Tier 1 resources established for each of these 24 HLH and LLH periods. These 24 amounts establish how much of the power the system produces is available to the customer for each period (the Base Amount). The Load Shaping charge is used to establish and charge for the difference in value between the critical water amounts and what the customer actually takes to serve their load in that period. (One technicality: For Load-Following customers this amount is adjusted by any resource shaping charges already applied to financially convert a customer resource to an annual flat block. See Section 1 of Part 1 and Part 3 RSS).

In each rate case, BPA will establish a separate Load Shaping charge for each HLH and LLH period during the rate period based on forecast market prices for the specific HLH or LLH

period. On each month's bill, BPA will charge the customer the Load Shaping rate for amounts the customer takes in excess of the Base Amounts and credit the customer the Load Shaping rate for Base Amounts not taken.

- Block Product Load Shaping Specifics. Block amounts and shapes are known prior to each year, so that a Block customer can calculate its Load Shaping charges prior to each year by applying Load Shaping rates to the differences between its block shape and the critical water shape established in the rate case.
- Load Shaping Annual True-Up for Load-Following Customers. The actual load a Load-Following customer experiences will be used to determine its monthly Load Shaping charges through a true-up. At the end of the year, BPA will compare the total average megawatt amount the customer takes at Tier 1 rates to the annual average megawatts of power available to them under the Base Amounts. If the amount taken exceeds the Base Amount, no true-up is needed because the customer will have paid Load Shaping rates designed to mimic the market prices for the excess power. If the amount taken is lower than the Base Amounts, customers will have received credits at these same market prices for power they didn't actually take. In this case BPA will reduce the credits the customers received for that power not taken, so that instead of receiving market prices the customer is simply reimbursed for the amount they paid for the power.

- *The Annual True-Up and Above-HWM Load.* One additional detail worth noting on the annual true-up is that in the calculation BPA will account for the customers above-HWM load amounts set for each year of the rate period, whether met at Tier 2 rates by BPA or through the customers own resources. Customers will be allowed to retain the full Load Shaping credits even below the average megawatt of the Base Amounts to the extent of their above-HWM load.

Demand Charge. In addition to the Customer Charges and Load Shaping charge BPA also is proposing to include a Tier 1 Demand charge which compares a customer's highest hourly Tier 1 amount it takes from BPA to the average HLH Tier 1 amount it takes from BPA. Demand charges will only apply to Load-Following and Block with Shaping Capacity (i.e., a Block not paired with Slice) purchasers. The revenues from the Demand charge will reduce the non-Slice Customer Charge. The Demand charge is designed so customers pay no cost for demand for about 90 percent of their projected FY 2012 load but pay BPA's marginal cost of purchasing additional capacity for the remainder. The no-cost Demand amounts will be set in each customer's contract along with a formula that could reduce those amounts if the Federal system loses capacity in the future.

B. Tier 2 Rate Alternatives

From the Long-Term Regional Dialogue Final Policy: For public utilities, BPA will develop new 20-year contracts accompanied by a long-term TRM. Through the contracts and rate methodology, each public utility will get a HWM that defines its right to buy an amount of power at BPA's lowest cost-based Tier 1 rate. Power above the RHWM must be purchased from either non-Federal resources or from BPA at rates reflecting BPA's marginal cost of acquiring the additional power, or through a mix of BPA Tier 2 priced power and non-Federal resources. BPA will not use its existing system to subsidize its Tier 2 power rate but intends to offer a number of alternative Tier 2 rate options for customers who choose not to develop their own resources for load beyond their RHWM.

The following describes the various attributes of the Tier 2 rate alternatives BPA plans to make available to its public customers.

1. The Load Growth Tier 2 Rate

BPA proposes to have a Load Growth Tier 2 rate alternative available for customers electing the Load-Following product. Customers that wish to have Load Growth Tier 2 service from BPA for all or a portion of their above-RHWM load must make that election by November 1, 2009. A customer choosing this alternative is electing BPA as its primary service provider for most, if not all, of its future load service and is committed to purchase at the Load Growth Tier 2 Rate for the duration of the contract. BPA manages resource acquisitions to meet the above-RHWM loads of customers in this cost pool and melds in the costs of such acquisitions over time.

Availability: Only available to customers electing the Load-Following product. There will not be another opportunity to establish purchases at the Load Growth Tier 2 Rate after November 2009.

Notice and Commitment Terms: Customers will commit to this rate alternative for the term of the contract.

Costs Included: All costs of power from resources and purchases whose costs are allocated to this rate pool including the cost of any resource support services BPA needs to apply to convert the resource output into the flat-block benchmark shape. These costs will be determined in rate cases according to the procedures established in the TRM.

Greenness: RECs will not be included with the power purchased at this rate.

Combinable with Non-Federal Resources or other Tier 2 Alternatives: Yes. By November 2009 when the customer chooses the Load Growth Tier 2 Rate it has a one time right to designate energy amounts above its RHWM that will not be purchased at the Load Growth Tier 2 rate for all years of power deliveries under the Regional Dialogue contract. Customers must also commit at that time to how they want these other load amounts served for the FY 2012-FY 2014 period, by either electing the other Tier 2 rate that will apply or committing to supply through non-Federal resource amounts. Commitments for the designated amounts not receiving the Load Growth Tier 2 Rate will be provided the same alternatives and subject to the standard notice and commitment periods applicable to other above-RHWM amounts (i.e., comparable to the Short-Term Tier 2 rate).

Interaction with Shared Rate Plan: Customers electing the Load-Following Product and to purchase 100 percent of their above-RHWM amounts at the Load Growth Tier 2 are the only customers eligible to elect the SRP discussed later in this document.

Need to Specify Quantities: No. Customers are not required to specify quantities of above-RHWM load they wish to have priced at the Load Growth Tier 2. BPA will set these amounts prior to every rate case, with the establishment of the RHWM.

2. The Short-Term Tier 2 Rate

Customers that wish to have Short-Term Tier 2 service from BPA for all or a portion of their above-RHWM load between FY 2012-2014 will have the ability to make that election by November 1, 2009. After this first 3-year transitional commitment term, service at the Short-Term Tier 2 rate will require 3-year notice and a 5-year commitment (except for the last commitment term, which is 4 years in duration). Due to the short-term nature of these commitments from customers, BPA does not intend to assign the costs of longer-term resources to this cost pool. It may be the case that some longer-term resource costs will be allocated temporarily (i.e., for a rate period or two) to this cost pool, until those costs are allocated to a longer commitment term rate pool.

Availability: This Tier 2 rate alternative is available to customers (whether Load-Following, Block or Slice/Block) for projected above-RHWM load amounts not otherwise specified as being met with another Tier 2 rate alternative or supplied by non-Federal resources. In other words, if a customer makes no commitment for how it will serve its above-RHWM load, the Short-Term Tier 2 rate will apply as a default.

Notice and Commitment Term: By November 1, 2009, customers give notice for Short-Term Tier 2 service, with power deliveries FY 2012-2014. By September 30, 2011, customers give notice for the subsequent term of Short-Term Tier 2 service, with power deliveries FY 2015-2019. By September 30, 2016, customers give notice for the subsequent term of Short-Term Tier 2 service, with power deliveries FY 2020-2024. By September 30, 2021, customers give notice for the subsequent term of Short-Term Tier 2 service, with power deliveries FY 2025-2028.

Costs Included: All costs of power from resources and purchases allocated to this rate pool including the cost of any RSS services needed to convert the resource output into the flat-block benchmark shape. These costs will be determined in rate cases according to the procedures established in the TRM.

Greenness: RECs will not be included with the power purchased at this rate

Combinable with Non-Federal Resources or other Tier 2 Alternatives: Yes.

For Load-Following Customers: When Load-Following customers give notice to purchase at this Tier 2 rate, they can elect to have an “up to” average megawatt amount served first at the Short-Term Tier 2 rate, and then any other projected above-RHWM load served by non-Federal resources and/or the Load Growth Tier 2 rate (if they made that selection). Alternatively they will have an ability to specify an “up to” average megawatt amount of above-RHWM load to be served by non-Federal resources, with any additional projected above-RHWM load served at the Short-Term Tier 2 rate. Take-or-pay Tier 2 average megawatt amounts and above-RHWM amounts served with non-Federal resources will be established prior to each rate case.

For Block and Slice/Block Customers: When Block and Slice/Block customers give notice to purchase at a Tier 2 rate, they must establish take-or-pay amounts of above-RHWM load that they commit to purchase. Because the amounts of the Tier 2 purchases are set by forecast several years in advance, the actual above-RHWM load may be higher or lower than the committed Tier 2 purchase amounts at the time of BPA actually establishes the customers net requirement (generally a couple of months before each Fiscal Year). Each year BPA will compare the forecast number to the result of the annual net requirement calculation and the following adjustments will be made:

- **When Tier 2 Amounts are Low.** If the above-RHWM amount exceeds the amounts committed at Tier 2, Block and Slice/Block customers must commit to meet the additional load with non-Federal resources.
- **When Tier 2 Amounts are High.** If the above-RHWM amount is lower than the committed Tier 2 purchase amounts BPA will not deliver the excess Tier 2 commitment to the customer but will remarket the power on behalf of the customer through a liquidated damages calculation and provide the proceeds to the customer as a credit on its bill.

Eligibility for Vintage Tier 2 Rates. One of the advantages of the Short-Term Tier 2 Rate is that the purchase makes the customer eligible for purchases at Vintage Tier 2 Rates, when offered. When BPA offers Resource-Specific Vintage Tier 2 rate alternatives, customers will have an ability to transfer load amounts from service at the Short-Term Tier 2 rate to service at the Vintage Tier 2 rate. BPA will ensure that such transfers to a Vintage Tier 2 rate do not result in stranded costs for the Short-Term Tier 2 rate pool.

Combinable with Shared Rate Plan: No.

Need for Specifying Quantities: Depends on contract type as discussed above.

3. The Resource-Specific Vintage Tier 2 Rates

BPA will periodically offer Tier 2 rate vintages. These are intended to be based on specific resource costs for customers that need power to be based on specific resource types (e.g., renewable) or that want to know more about resource costs before they make a long-term commitment.

Availability: A customer must be taking power under the Short-Term Tier 2 rate in order to be eligible for the Vintage Tier 2 rate alternatives. Customers will have an ability to transfer load amounts from service at the Short-Term Tier 2 rate to service at the Vintage Tier 2 rate, as long as there are not stranded costs in the Short-Term Tier 2 rate pool. BPA will endeavor to be able to offer a Renewable Vintage Tier 2 rate prior to when customers must give notice for the first Short-Term Tier 2 rate commitment (by November 1, 2009)—and if successful, BPA will waive the eligibility requirement of buying at the Short-Term Tier 2 rate for this first vintage rate offering.

Notice and Commitment Terms: BPA will provide notice to customers that service at a Vintage Tier 2 rate is available for eligible customers. The required commitment term will be dependent on the specific resource acquired. The term of a given vintaged rate will not exceed

the term of the contract, although BPA is likely to explore a liquidated damages “exit fee” and is open to other alternatives that will allow longer-term purchases.

Costs Included: Customers commit to purchase power for a specified duration at a Tier 2 rate based on the costs of long-term resources acquired to supply that specific Vintage Tier 2 rate pool. All costs of power from resources and purchases allocated to the specific Vintage Tier 2 rate will remain in the specific Vintage Tier 2 rate cost pool. These will include the cost of any resource support services BPA needs to apply to convert the resource output into the flat-block benchmark shape. These costs will be determined in rate cases according to the procedures established in the TRM.

Greenness: RECs will be included with the power purchased at Vintaged Tier 2 rates that are based on the cost of resources with environmental attributes. The amount of RECs will not be guaranteed on a forward basis, but instead will be provided as generated. RECs associated with vintaged resources can be resold by the utility that has made a commitment to this rate treatment. If BPA must remarket an amount of take-or-pay power that would have been charged at the Renewable Vintage Tier 2 rate, the RECs would continue to go to the utility and the remarketed power will be sold without its RECs.

Combinable with non-Federal Resources or other Tier 2 Alternatives: Yes. Customers will need to specify average megawatt above-RHWM load amounts served at the Vintage Tier 2 rates, and also specify how any additional above-RHWM load will be served (at the Load Growth Tier 2 rate and/or Short-Term Tier 2 rate, with non-Federal resources, or some combination).

Combinable with Shared Rate Plan: No.

Need for Specifying Quantities: Yes. Regardless of contract type, customers requesting this rate alternative are signing up for a take-or-pay average megawatt amount for the duration of the commitment term.

Timeline: A key reason that BPA plans to offer customers the opportunity to purchase at Vintage Tier 2 rates is to meet customer needs to have more information about the price and source of resources whose costs they will be paying in their Tier 2 rates. This creates a classic “which comes first?” dilemma since BPA needs to have customer commitments before it purchases these resources and customers want to know the characteristics and expected costs of the resources before they are willing to commit. BPA will continue to work on details surrounding this dilemma, but below are six steps BPA currently expects to follow:

- (1) **Information Gathering.** BPA will talk to interested customers about resource needs;
- (2) **Preliminary Resource Acquisition Process Steps.** BPA will take necessary steps to pursue resources (BPA Resource Plan, section 6(c), NEPA, etc);
- (3) **Indicative BPA Offer:** BPA offers a prospectus for a Vintage rate or rates well before a potential acquisition. The prospectus will specify:
 - (a) Purchase duration
 - (b) Type of resource(s)
 - (c) Range of initial costs of raw resource output
 - (d) Maximum quantity available
- (4) **Customer Commitment.** Customers commit to purchase under the rate for the specified term if BPA can purchase resources of the type and within the allowable cost range established in the prospectus. Once BPA has offered a prospectus, customers will then have 60 days to commit to shift a portion of their requirements power service from the Short-Term Tier 2 rate to the vintaged formula rate(s) described in the prospectus. To the extent BPA has already sourced for the transferred load from the Short-Term Tier 2 rate, the customer would face liquidated damages to hold the departed cost pool harmless.

(5) **BPA Acquisition.** BPA acquires the resource “up to” amounts committed by customers only if BPA can meet the conditions stated in the Indicative Offer, including making the purchase within the range established for the cost of the raw resource output, where raw means the output prior to any RSS necessary to convert the resource into the flat-block benchmark shape.

(6) **Setting the Rate.** Each rate period the Vintage Tier 2 rates will be reset based on the costs of the resources included in the pool and the projected costs of firming and reshaping the resource output into the benchmark flat-block benchmark shape.

C. Shared Rate Plan

Objective: Establish a simple construct that allows customers to share their individual load growth risks and pay the same energy rate.

Background: Under the Regional Dialogue approach each customer will be given an individual CHWM that establishes a limit on the amount of energy available to them at rates tied to the cost of the existing Federal system. Any energy beyond the applicable RHWM derived from the CHWM will face the marginal cost of providing that service.

Availability: If the customer has selected a Load-Following contract and all of its above-RHWM load service at the Load Growth Tier 2 rate, then it will be offered a one-time right to sign up for the Shared Rate Plan (SRP)

Tier 1 Amounts: BPA will group the individual forecast load amounts that customers that choose the SRP are eligible to purchase under their RHWM. The sum of these individual amounts will establish the total forecast amount of Tier 1 power that will be used in setting the energy rate for this group of customers. Consistent with BPA's RD Policy decision regarding pooling if an individual customer's RHWM exceeded its net requirement the value of any unused RHWM amount would be credited broadly to all Tier 1 customers.

Tier 2 Amounts: The combined amount of these customers' net requirements beyond what is met with forecast Tier 1 amounts will come from the Load Growth Tier 2 rate.

The Result: BPA will meld the Tier 1 and Tier 2 costs to establish the same energy rate for all customers in the SRP. This concept needs a bit of translation to fit the rate design established in the TRM. Under the new rate design the melded Tier 1 and Tier 2 costs are actually transformed into a uniform Customer Charge that applies to all customers in the SRP based on their share of the energy. Each customer in the SRP will have the melded customer charge in common but

would have other charges under the rate design, such as the Load-Shaping and Demand charges, applied individually to its own specific circumstances.

Exiting the Shared Rate Plan: Customers in the SRP may leave the shared plan by providing notice at least 90 days prior to the start of a general power rate case. Starting in the upcoming rate period and for the remaining term of the Regional Dialogue contract, the customer's rates will be based on its individual RHWMM with any Tier 2 purchases provided at the Load Growth Tier 2 rate. Once a customer exits the plan they cannot return.

Impact on Customers not in the Shared Rate Plan: BPA has designed the SRP so that there is no economic impact on customers not in the plan. The aggregate amount of Tier 1 and Tier 2 power purchases is exactly the same as if each customer in the SRP had been treated individually. Customers in the SRP would see some cost differences, however, since they have pooled the cost obligations of their load service. Since the overall cost is the same, some customers ultimately will pay higher rates and some lower rates than if they hadn't purchased power under the SRP. There is also not an impact on customers outside of the SRP when a customer leaves the SRP because the same costs that would have been contained in the plan for that utility become that individual customer's responsibility.

Why a customer would choose this plan? Melding the impacts of Tier 1 and Tier 2 rates acts as an insurance policy that spreads the costs of load growth experienced by any individual participant in the plan over all of the utilities in the rate pool. This may be particularly important for small customers where a 1 or 2 aMW increase in load would be a large proportion of their load. From the customer perspective the single rate would be simpler and reduce their administration costs.

Why is this approach consistent with the intent of Regional Dialogue? It retains the cost delineation between the undiluted costs of the existing Tier 1 system and marginal costs of serving load growth at Tier 2 rates. It also makes it clear that BPA is responsible for

infrastructure development for these customers. The rate for the SRP includes the marginal cost for all load beyond the RHWM.

Megawatt Limit in FY 2012 for the Shared Rate Plan: BPA intends to limit the amount of load in the SRP because without a limit this approach could undo the general concept of tiered rates and put at risk the important price signals that will encourage regional infrastructure, particularly conservation. The TRM will establish the details for the limit but BPA currently plans to limit participation in the SRP to 500 aMW of forecasted net requirement load in FY 2012. If interest in the SRP exceeds 500 aMW, BPA intends to order the requesters from smallest to largest and work up the stack until the 500 aMW limit is met. Practically speaking, this ensures that the smallest customers will be included in the SRP.

Illustrative Examples of the How the Shared Rate Plan Would Work:

Assumptions applicable to scenarios 1-3:

	Customer A	Customer B	Customer C
RHWM (aMW)	10	10	10
Net Requirement (aMW)	15	10	5
Service if not in SRP	10@T1 and 5@T2	10@T1	5@T1

T1 rate = \$30/Mwh

T2 rate = \$60/Mwh

Scenario 1: If Customers A, B, and C are all in the SRP (and therefore are all Load-Following customers and electing the Load Growth Tier 2 rate alternative).

Establishing Tier 1 Amounts. The first step is to establish the amount of power in the pool eligible for Tier 1 Rates. Each customer contributes the Tier 1 amount it would individually be eligible to purchase to the SRP which is the lower of its RHWM or its net requirement. This

results in “A” providing 10 aMW, “B” providing 10 aMW, and “C” providing 5 aMW for a total of 25 aMW.

Establishing Tier 2 Amounts. The second step is to establish the amount of power eligible to be provided at the Load Growth Tier 2 rate. This amount is derived by subtracting the 25 aMW Tier 1 amount calculated above from the total net requirement load in the SRP. The total net requirement is 30 aMW since “A” is 15 aMW, for “B” is 10 aMW, and “C” is 5 aMW. So the Tier 2 amount is 30 aMW minus 25 aMW or 5 aMW.

Calculating the Melded Rate for the Shared Rate Pool. The shared rate is calculated by multiplying the Tier 1 amount times the Tier 1 Rate and the Tier 2 amount by the Tier 2 rate in this case this is $(\$30/\text{Mwh} * 25 \text{ aMW}) + (\$60/\text{Mwh} * 5 \text{ aMW})$ and dividing the result the total net requirement load of 30 aMW, or $(750 + 300)/30$ which equals \$35/Mwh.

Translating the Melded Rate to a Customer Charge. The \$35 shared rate translates into the following annual customer charges:

Customer A pays for 15 aMW at shared rate of **\$35/Mwh**: $15 * 35 * 8760 = \$4.60 \text{ M}$

Customer B pays for 10 aMW at shared rate of **\$35/Mwh**: $10 * 35 * 8760 = \$3.07 \text{ M}$

Customer C pays for 5 aMW at shared rate of **\$35/Mwh**: $5 * 35 * 8760 = \$1.53\text{M}$

Scenario 2: If Customer C drops out of the SRP, but Customers A and B remain, then:

Establishing Tier 1 Amounts. The first step is to establish the amount of power in the pool eligible for Tier 1 rates. Each customer contributes the Tier 1 amount it would individually be eligible to purchase to the Shared Rate Pool, which is the lower of its RHW or its net

requirement. This results in “A” providing 10 aMW and “B” providing 10 aMW for a total of 20 aMW.

Establishing Tier 2 Amounts. The second step is to establish the amount of power eligible provided at the Load Growth Tier 2 rate. This amount is derived by subtracting the 20 aMW Tier 1 amount calculated above from the total net requirement load in the SRP. The total net requirement is 25 aMW since “A” is 15 aMW, for “B” is 10 aMW. So the Tier 2 amount is 25 aMW minus 20 aMW or 5 aMW.

Calculating the Melded Rate for the Shared Rate Pool. The shared rate is calculated by multiplying the Tier 1 amount times the Tier 1 rate and the Tier 2 amount by the Tier 2 rate in this case this is $(\$30/\text{MWh} * 20 \text{ aMW}) + (\$60/\text{MWh} * 5 \text{ aMW})$ and dividing the result the total net requirement load of 25 aMW, or $(600 + 300)/25$ which equals $\$36/\text{MWh}$

Translating Rates to a Customer Charge. The \$36 shared rate translates into the following annual customer charges:

Customer A pays for 15 aMW at shared rate of **\$36/MWh**: $15 * 36 * 8760 = \$4.73 \text{ M}$.

Customer B pays for 10 aMW at shared rate of **\$36/MWh**: $10 * 36 * 8760 = \$3.15 \text{ M}$.

Customer C pays for 5 aMW at Tier 1 rate of **\$30/MWh**: $5 * 30 * 8760 = \$1.31 \text{ M}$.

Scenario 3: If *none* of the customers are in the SRP, but all remain in the Load Growth Tier 2 rate pool, then:

Effective Rates with Individual Application of RHWMs. In this scenario there is no shared rate pool so each customer faces the individual rate consequences of its RHWm as follows:

Customer A. Customer A pays for 15 aMW at an average rate of \$40/MWh. This average rate was calculated by applying its 10 aMW RHWM amount at \$30/MWh and 5 aMW at the Tier 2 rate of \$60/MWh.

Customer B. Customer B pays for 10 aMW at an average rate of \$30/MWh. This rate was easily calculated since the customers 10 aMW RHWM affords the all the power they need at the \$30/MWh rate.

Customer C. Customer C pays for 5 aMW at an average rate of \$30/MWh. This rate was easily calculated since the customers 10 aMW RHWM affords the all the power they need at the \$30/MWh rate, with 5 aMW of headroom to spare.

Part 3: Resource Support Services (RSS)

Background

Under the Regional Dialogue contracts customers will have a CHWM that defines the amount of load service from BPA that is charged at Tier 1 rates (recovering the costs of the “existing” Federal system). Customers can elect to have BPA serve their load growth beyond their CHWM, which would be at the marginal cost of doing so (at a Tier 2 rate). The RD Policy provides for Tier 2 service from BPA in a flat annual block of energy.

Alternatively, a customer may meet its load above its RHWL with its own non-Federal resources. In general, the shape of the new non-Federal resources a Block or Slice/Block customer uses to serve its load above its RHWL does not impact the shape of its net requirement load service from BPA at Tier 1 rates (beyond what the Slice portion of the Slice/Block product allows for). The shape of the new non-Federal resources a Load-Following customer applies to serve its above-RHWL load does have the potential to impact its service at Tier 1 rates—and therefore could impact the rates paid by other Tier 1 customers unless a Resource Shaping charge (or credit) is applied. If a Load-Following customer applies non-Federal resources (on a planning basis) in the benchmark shape, a flat annual block, BPA will propose no additional Resource Shaping charges or credits.

Load-Following customers will have the option of committing non-Federal resource amounts in shapes other than a flat block, but additional resource shaping charges or credits associated with doing so may apply to ensure that BPA’s other customers are neither harmed by nor benefited by those resource decisions and to provide incentives for resource additions in the most beneficial shapes. The rates used for the Resource Shaping charges (and credits) will be exactly the same as those used for the Load Shaping charges (and credits).

In addition, the RD Policy states that to avoid biasing customers’ choices, BPA’s charges for non-transmission service-based integration services for non-Federal resources will be the same

as those included in Tier 2 rates based on similar resources. The RD Policy also states that BPA will offer services necessary to integrate renewable resources to meet a customer's regional firm consumer requirements load. To implement the RD Policy, BPA has developed a suite of Resource Support Services (detailed below) for customers' non-Federal resources and for pricing service from BPA at Tier 2 rates. These services include a Flattening Service (FS), Forced Outage Reserves (FOR), Secondary Crediting Service (SCS), and Resource Remarketing Service (RRS). These services enable BPA to cover the costs of following the variation between planned and actual customer resource amounts and to account for the impact that resource shapes and fluctuations have on BPA's cost to meet its customer's net requirement load.

Conditions and Terms of Service Applicable to All Resource Support Services

Notice and Commitment Term: The provision of all the RSS described below will require notice and commitment terms consistent with the timelines required for the purchase of BPA's Short-Term Tier 2 rate alternative.

Limitations: These services do not include within-hour firming services that can be purchased from the applicable balancing authorities. The RSS described below are only available to specific resources dedicated to serve load. There are special circumstances presented by some customers served by transfer that present particular challenges for the provision of these services. BPA has not resolved all of these issues, but intends to continue working on them, so that if possible, all Load-Following customers will have access to these services. The scenarios below describe possible solutions BPA has been considering but do not constitute a formal agency opinion or final decision on what the best solution is.

Resource Location Considerations:

Non-Federal resources located within BPA's balancing authority (BA). In general, non-Federal resources located *within* BPA's balancing authority (BA) will need to be scheduled to the customer's load. If, on a given hour, the non-Federal resource produces more energy than needed to serve the customer's load (after reducing the customer's PF load service to zero), then

BPA will manage the excess generation. There may be circumstances that allow for mutually agreeable alternative solutions for the customer and BPA to work out for scheduling a customer's non-Federal resource.

Non-Federal resources located outside of BPA's BA. In general, non-Federal resources located *outside* of BPA's BA will also be scheduled to the customer's load when the customer is located inside or outside BPA's BA (whether served by transfer or operating their own BA). An exception to this rule is when the customer is served by transfer and its resource is in their transferor's BA. In this instance, since BPA is requiring the resource to be scheduled to the BPA BA, there may not be the ability to schedule the non-Federal resource back to the customer's load. In these circumstances BPA will exchange Federal power for the non-Federal power delivered to the BPA BA. There may be additional circumstances that allow for mutually agreeable alternatives for the scheduling of a customer's non-Federal resource(s).

Transmission Considerations: Unless otherwise agreed to by BPA, resources located outside of the BPA BA must be scheduled on firm transmission to the BPA BA in order for BPA to provide a customer with RSS for its non-Federal resource. Customers are not required to obtain firm transmission over the BPA transmission system as a prerequisite of taking these services from BPA but not having firm transmission across the BPA transmission system may result in additional charges due to the inability (transmission constraints) to deliver the resource to load.

Transmission Scheduling Service: Load-Following customers with a BPA NT contract taking these services from BPA are required to take transmission scheduling services from BPA if their resource is a scheduled resource, unless otherwise noted. There may be rates or fees developed in future rate cases to recover the cost of this service.

Scheduling Provisions: Customers must schedule in accordance with BPA's scheduling parameters/procedures.

Metering: All resources behind the customer's meter taking these services from BPA will need to be metered at the customer's expense. Resources provided based on the actual shape of resource generation that are taking these services from BPA and are scheduled to the customer's load will also need to be metered.

1. Flattening Service

Product Description Summary: This service allows a customer's load service from BPA to change for purposes of offsetting the output variation in customers' dedicated non-Federal resources. The charges applied to the planned non-Federal resource amounts recover the forecast costs of firming and shaping these variable resources into a flat annual average block of energy. Although BPA plans to detail the rate design used to accomplish this in the TRM, the current thinking is that diurnal flattening energy and capacity charges will apply to customers' resources taking the flattening service to arrive at resource amounts equivalent to a resource that is flat within each monthly diurnal period. In addition, unless otherwise noted, there will be a resource shaping charge (or credit) applied to take the monthly diurnal amounts and compare them to a flat annual average block of energy, coupled with a resource shaping charge adjustment which will account for differences between projected and actual resource performance.

Availability:

For Load-Following Customers with New Resources Greater than 1 MW in Nameplate Capability (either Individually or in Aggregate). This service is available for Load-Following customers' new, specific, non-Federal, resources dedicated to serve load (whether from a "renewable" source or otherwise). This service will, in essence, allow for modifications to the customer's PF load service amounts in real-time to accommodate the hourly variations (due to weather variations, for example) in the specified resource in question. The amount delivered from BPA and the resource generation (either metered amounts or scheduled amounts) equal, on an annual average basis, the planned amount of above-RHWM load they committed to serve in their Regional Dialogue contract with BPA-supported non-Federal resources. Flattening service is not available to customers to shape their resource for market sales or marketing fluctuations.

For Load-Following Customers with “Existing” Resources Less than 15 MW in Nameplate Capability (either Individually or in Aggregate). Load-Following customers under Regional Dialogue contracts with “existing” generating resources (where “existing” means resources subtracted from their TRL to calculate the Customer’s CHWM) less than 3 MW of nameplate capability are exempt from all resource support services. Load-Following customers with existing generating resources greater than, or equal to, 3 MW but less than 15 MW of nameplate capability are exempt from the flattening service and therefore the related energy and capacity charges will not be applied, nor will resource shaping charges and resource shaping charge adjustments be applied. These 3 MW to 15 MW resources will continue to be subject to forced outage reserve service (as applicable) and, depending on the type of generating resource, secondary crediting service. These services are described below in Sections 2 and 3. While the resource support services will generally not apply to all of the resources described in this category it is worth noting that the shape of the resources will impact the Load Shaping charges applicable to their load.

For Load-Following Customers with “Existing” Resources Greater than 15 MW in Nameplate Capability (either Individually or in Aggregate). Load-Following customers under Regional Dialogue contracts can elect to have BPA provide the flattening services (FS) for their “existing” resources greater than 15 MW in nameplate capacity. The FS would be identical to that which is provided to customers’ “new” resources, except there would be no resource shaping charge or resource shaping charge adjustment. Instead the customer’s load shaping charges would reflect actual scheduled energy amounts from the resource.

For Block and Slice/Block Customers’ New Resources. This flattening service is available for Block and Slice/Block customers’ new, specific, non-Federal, renewable resources dedicated to serve load. The current thinking is that provision of this service will in essence require the customer to change their pre-scheduled PF Block load service amounts to accommodate the hourly variations in the specified renewable resource.

Interaction with Forced Outage Reserves: A resource with no capacity value is already getting the necessary firm capacity for its resource through the FS from BPA, and has no need to purchase additional generation Forced Outage Reserves (FOR). All other resources will need to purchase FOR separately from BPA or a non-BPA source. That service is described in more detail below.

Pricing: Flattening services will be considered a requirements service from BPA for Load-Following customers and will be provided under a PF-RSS rate schedule. The limited FS available to Block and Slice/Block customers described above is considered to go beyond BPA's planned requirements load obligation to the customer and will therefore be provided under the FPS rate schedule. The methodology for calculating the applicable rates in either case will be equivalent.

2. Forced Outage Reserves (FOR)

Product Description Summary: Through this service BPA provides reserves at the start of an hour that can be called upon by the customer, with proper notice given to BPA, in the event of a resource or transmission outage for resources dedicated to serve the customer's load. A resource with no capacity value taking the flattening service from BPA described above is already getting FOR for the resource; however, transmission FOR due to transmission curtailment or constraints may be necessary.

Availability: This is a requirements service for Load-Following customers but not for Block and Slice/Block customers. The provision of service to Block and Slice/Block customers will be on an as available basis and subject to mutual agreement between the requesting customer and BPA. An exception is in situations where FOR must be combined with FS for a Block or Slice/Block customer's dedicated renewable resource that has demonstrated capacity value.

Limitations: The quantity of FOR capacity needed to be purchased will either be the nameplate capacity times a percent or the machine forced outage rating. There will be an annual energy

limit defined as 5 percent (or the machine forced outage rating) multiplied by the contract capacity limit multiplied by the number of hours in the year multiplied by two. For 5-year commitment terms, there will be a 5 consecutive year energy limit defined as 5 percent (or the machine forced outage rating) multiplied by the contract capacity limit multiplied by the number of hours in the year multiplied by five. Shorter duration commitment terms will shorten the consecutive year energy limit.

Interactions with other RSS: For Load-Following customers, this service can be taken as a stand-alone service but can also be combined with the flattening services described above and the SCS described below.

Transmission Scheduling Service: Load-Following customers with a BPA NT contract taking FOR without any other RSS are not required to take BPA transmission scheduling services, but will have the option to do so.

Pricing: Pricing is described in greater detail in the TRM.

3. Secondary Crediting Service (SCS)

Product Description Summary: This service gives a customer an ability to apply to their load the secondary energy generated by their dedicated resource, and by doing so accounts for the value of the secondary energy applied to load beyond the amount established as firm energy. This service would take the place of Service and Exchange and the Complex Partial with Dedicated Resource Services product from Subscription contracts. Customers previously taking the Service and Exchange product may be able to continue to deliver their resource to a POD other than their load, as they do today.

Availability: This is a requirements service for Load-Following customers but not for Block and Slice/Block customers. The provision of service to Block and Slice/Block customers will be

on an as available basis and subject to mutual agreement between the requesting customer and BPA.

Limitations: This product is available for Load-Following customers dedicating their entire hydro resource (either dispatchable or non-dispatchable) to load (both critical firm and secondary energy). Other types of resources that have both a firm and secondary component may be eligible for this service if mutually agreeable to BPA and the customer. The product is only available to existing resources.

Interactions with other RSS: For Load-Following customers, this service can be taken as a stand-alone service but can also be combined with the FS described above and the FOR described above.

Resource Declaration Parameters: The resource must be declared based on the critical firm shape derived from either its historical generation or its planned critical study if it is part of a coordinated system in at least monthly HLH and LLH amounts, with an option to apply a peak amount. If part of a coordinated hydro system, these amounts can be updated annually with the issuance of a new critical hydro output studies. Customers taking this service that declare a peak amount will also commit to apply their resource at the time of their customer system peak.

Existing Resources. If a Load-Following customer has secondary crediting service for an “existing” generating resource less than 15 MW of nameplate capability, the resource will be required to be metered and the secondary amounts will equal the actual metered output less critical output. If the resource was used in calculating a customer’s CHWM, BPA will use the critical output used for that resource when calculating the customer’s CHWM. If the resource was netted against the customer’s load during Subscription and not used in calculating the customer’s CHWM, the customer will be required to provide data to BPA and BPA will calculate a critical output for the resource.

Replacement Required: The customer is responsible for acquiring replacement power from other sources if its resource taking SCS is not producing its expected critical energy amount in a given month. Alternatively, BPA may simply apply a market-based charge for the additional amounts of Federal power BPA provides to fill in for the critical amounts of the resource. The Regional Dialogue contract will establish which approach applies.

Pricing: Customers will get a credit against their PF charges for the secondary energy applied to its load, based on the difference between a percentage of the actual Dow Jones Mid-C Index (or other replacement index adopted in a 7(i) rate proceeding) HLH/LLH weighted daily average prices for the month, and the Tier 1 PF rates.

4. Resource Remarketing Service (RRS)

Product Description Summary: With RRS, BPA will remarket amounts of power from a customer resource that is in excess to the customer's above-RHWM load needs during the commitment term this service has been requested.

Availability: RRS is not a requirements service and will be provided on an availability basis. RRS will only be available to Load-Following customers that have: (1) acquired an amount of power ahead of their anticipated above-RHWM load; (2) dedicated the resource to serve their load that is above their RHWM; and, (3) purchased FS for the amount of resource needed meet their above-RHWM load. This service may take differing forms depending on the amount of surplus capacity BPA expects to have during the commitment term.

Limitations: BPA will limit the amount of resource a customer can acquire ahead of need and request BPA remarkets to the amount of forecast above-RHWM load the customer is expected to experience over the commitment term (3, 5, or 4 years depending on the timeframe).

Interactions with other RSS: For Load-Following customers, this service can be combined with all of the support services described above.

Pricing: BPA will credit the customer the amount of remarketed power times a percentage of the forecast Mid-C index price less any flattening and outage reserve services needed to market the power.