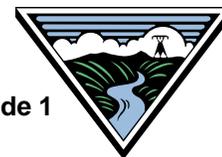


Transparency of HWM and Net Requirements Determinations Under Regional Dialogue

Regional Dialogue Policy Implementation Workshop

November 8, 2007

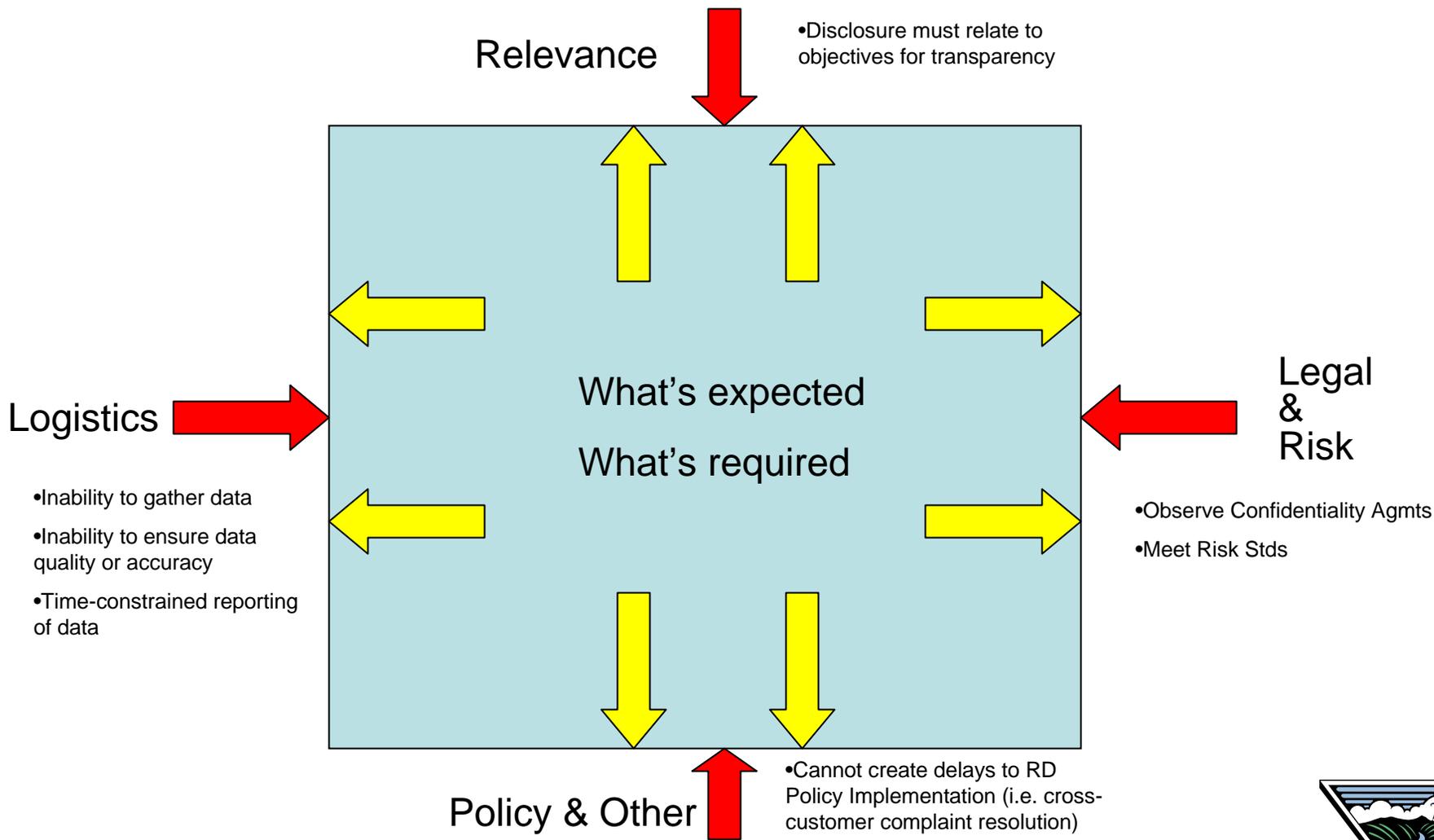


Transparency – What & Why

- **Concept:** Giving stakeholders visibility of the methodologies used and determination of individual customers' HWMs and Net Requirements under Regional Dialogue and sections 5(b)/9(c) of the NW Power Act.
- **Drivers:**
 - **BPA Strategic Objective PF I6** – Power Services processes, decision making, and performance are transparent.
 - **5(b)/9(c) Policy, RD Policy and ROD** – assurances of transparent processes.
 - **Equity** in the access to finite federal resources and limited Tier 1-priced power
 - Customers: “want to see what’s going on in our neighbors’ back yard.”
- **Goals:**
 - Accountability of BPA to its customers and the public
 - Trust/Credibility underlying the relationships between BPA and its customers
 - Meet the requirements of the above-listed drivers to the degree appropriate
- **Current state:**
 - Low visibility of BPA’s specific methodologies to public and low cross-customer visibility due to confidentiality agreements and proprietary interests.



Scope of Transparency – Needs v. Limitations Partial Drilldown



Expectations for Transparent Processes

- **Messages from BPA re Net Requirements:**
 - BPA [will develop] transparent net requirements determination process and propose revisions to 5(b)9(c) policy. RD Policy Proposal, p. 5
 - For transparency BPA will make future net requirements amounts and calculations publicly available. RD Policy, Section III.B.5
 - Individual utility loads and resource information will be made public . . .since that information creates the fundamental basis for transparency. RD ROD, p. 45
- **Messages from BPA re HWM Development:**
 - To increase transparency of its decisions . . .all individual Contract HWM amounts [including forecast amounts will be] publicly available. RD Policy, p. 9; RD ROD, p. 25
- **Messages from customers:**
 - Want to be able see what our neighbors are doing
 - Weather normalization of load data should be transparent
 - Exhibit C should be made public
 - Available FBS determination transparency is as important as any other process



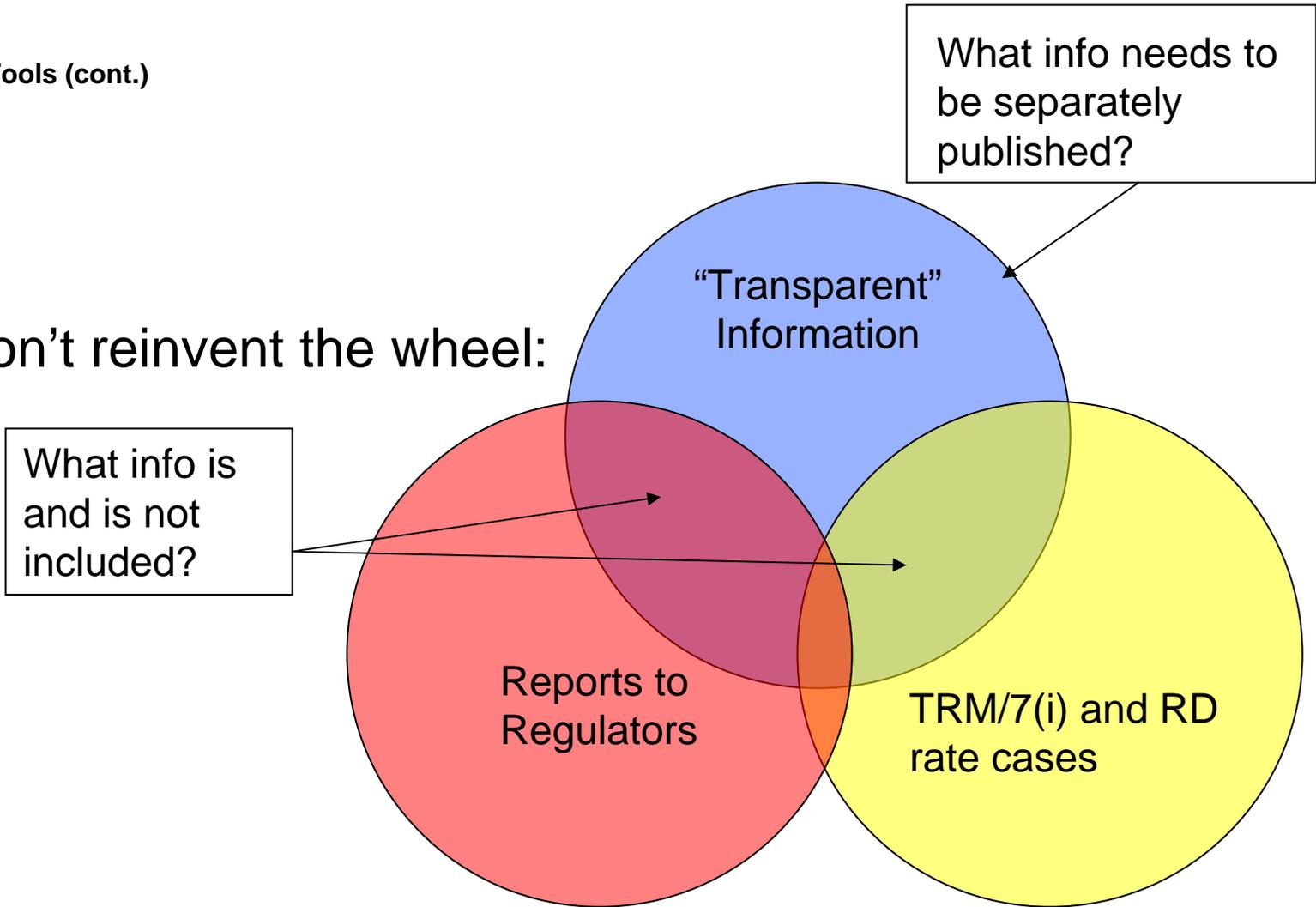
Threshold Issues

- **Goal:**
 - Maximize transparency while avoiding;
 - Untenable delays
 - Release of proprietary data
- **Considerations for Scope of Transparency:**
 - Final result v. intermediate steps v. underlying data
 - If data included, then results at certain steps or more?
 - What level will customers agree to make transparent/public?
 - What level is relevant to stated goals?
 - What info gets made public through specific publication and what is available elsewhere? (See following slide)



Scope: Tools (cont.)

- Don't reinvent the wheel:



Proposal for Transparency under Regional Dialogue

- **Final Calculation Results:** Full transparency will be provided for each utility's HWMs (Forecast, Contract and Rate Period) and Net Requirement amounts. HWMs and Net Requirements determinations will be posted on BPA's external website.
- **Processes:** Full transparency of defined processes for HWMs and Net Requirements determinations will be provided.
 - **High Water Marks** - HWM processes will be defined and published in the TRM 7(i) proceeding.
 - **FBS determination** - This is an input to the HWM determination process.
 - Public process and timing currently undecided. Public input welcome.
 - **Net Requirements** - The Net Requirements process is defined and published in the 5(b)/9(c) Policy.



Proposed HWM Transparency

Underlying calculations and results for determining HWMs would be made publicly available:

- **2010 Measured Load Data (aggregated monthly load)**
- **Adjustments for Force Majeure-type events by qualifying request**
 - Amount and brief description
- **Adjustments for Load or Data Anomalies by qualifying request**
 - Amount and brief description
- **Irrigation load from 2010 measured load, pre- and post- normalization and years used for averaging**
- **Weather normalization of non-irrigation load**
 - CDD and HDD adjustment amounts.
- **2010 non-federal resource amounts (aMW) from 2006 Exhibit C**
- **Forecasted available FBS determination**
 - Capability of resources and off-the-top obligations made public during determination process
- **Conservation amounts credited w/ pre- and post-adjustment HWMs**
- **Contract HWMs**



Proposed Net Requirements Transparency

- **Forecasted Total Retail Load, including:**
 - Actual TRL for previous year
 - Monthly aggregate LLH and HLH amounts and peak load for the previous year
 - Projected load growth percentage
- **Dedicated contractual resource annual amounts by resource, including:**
 - Declared resource monthly shape by resource
 - Resource peak capability
 - Monthly forecast aggregate LLH and HLH amounts



Transparency Process Issues

- **Public Process** – Customers are invited to provide comment to develop a timely and fair public process to question or object to HWM and Net Requirements determinations.
- **Proposed Public process/3rd party questions or objections:**
 - Input would be welcome from parties re material discrepancies. The basis for the question or objection would have to be provided.
 - Requests for specific information would be limited to the level of detail required by the underlying policy or process.
 - A comment period of two weeks is proposed following initial publication. Decisions would be reflected in the final published results. Where possible, publication will be provided in advance of the Contract HWM calculation (i.e. 2010 resource amounts, FBS determination).
- **Confidentiality:** Some information that will be made public through the transparency process may potentially fall under existing confidentiality or non-disclosure agreements. Therefore, customers will be asked to sign a waiver of confidentiality for information that is determined to be subject to public release to provide transparency.



Sample Contract HWM Summary Sheet

Contract HWM Determination Process Step	Adjustments (aMW)	Comments
Measured 2010 Total Retail Load	100	Total Retail Load. Monthly aggregate LLH and HLH below.
Adjustment (s) for force-majeure-type events and load or data anomalies	-7.5	2010 – Gas explosion resulted in permanent loss of load associated with Baker's Mill.
Removal of 2010 irrigation load	-2.5	
Adjustment for weather normalization	+1.5	
Return of normalized irrigation load	+3.0	
Reduction for utility's 2006 Subscription Ex. C resources for FY 2010	-40	Input to HWM process
Utility's load eligible for determining preliminary/HWM (pre-conservation adjustment)	54.5	
Sum of all utilities' load eligible for HWM determination	7300	
Available FBS/augmentation amt.	7100/200	Transparency provided in FBS determination process.
Preliminary HWM	54.5	
Utility's credited conservation	3.25	
Utility's conservation-adjusted preliminary HWM	57.75	
Sum of all utilities' credited conservation	170	
Sum of all utilities' conservation-adjusted preliminary HWM	7470	
Utility's Contract HWM	56.43	

This block would contain monthly LLH/HLH 2010 load data

