

BPA'S INTERPRETATION OF THE PUBLIC GENERATING POOL SLICE PROPOSAL

General

- Right to receive a percentage share of FCRPS capability, including actual energy generation (firm and secondary) and storage
- Right to modify the rate at which such energy is produced within hour, day, week, month, year, within the bounds of operational and non-power requirements
- Obligation to pay a corresponding percentage share of BPA costs, i.e., revenue requirement

Notes:

Term

- 5-20 years
- 5 year purchase with no termination rights; longer term associated with more certainty on costs and operating changes (changes in resource capabilities)

Notes:

Eligibility to Purchase

- Any Subscriber, subject to statutory priorities and preferences
- Use same rules as for other Subscription rights regarding phasing or sequencing, prorating reductions, recall, etc.
- Slices sold in early phases of Subscription would be to serve preference load and limited to net load (total retail load minus customer resources)
- Preference rights could be mapped to a percent of FELCC, yielding a Slice percentage; firm portion of Slice would count against preference eligibility
- If resources remain after early Subscription phases, then potentially more Slice purchases

Notes

Product Received

- Proportionate share of the capability of the FCRPS, including both primary and secondary energy
- Right to a share of the flexibilities of the FCRPS; BPA would have running computation of constraints that would limit purchaser's take
- Right (within the constraints) to schedule or to send a dynamic signal to BPA for delivery of the energy in real time (allowing use of Slice for automatic generation control or reserves)
- Proportionate share of the storage and shaping rights generally available to BPA, such as the ability to vary energy delivered during a day, or between days, weeks, or months within operating constraints
- Daily deviations of actual take from right to actual generation would be posted to storage account
- Storage account forced to be zeroed out when FCRPS reaches physical limits (storage is non-guaranteed)
- Hour-ahead changes in amount taken and within-hour ability to adjust signal
- No purchasing or marketing services
- No protection against required spill; but purchaser does not share in lack-of-market spill

Notes:

Linkages

- Cannot be purchased in combination with Full Service or Declared Resource Products

Notes:

Costs to Purchasers

- Percent share of FCRPS generation costs and PBL costs including:
 1. generation integration
 2. Treasury and WPPSS bonds
 3. residential/small farm exchange costs if they are a continuing federal system obligation
 4. all personnel and overhead costs for PBL (including marketing power, ratemaking, billing, contract administration)
 5. General Transfer Agreement costs
 6. Service and Exchange agreements
 7. long-term power purchases
 8. environmental investments (some conservation and renewable resource costs)
 9. stranded costs (same treatment as other Subscription purchasers)
 10. other public purposes
- Budget, investment, cost allocations, marketing decisions as normally done by BPA
- Costs excluded
 1. transmission costs (purchase “at the bus-bar”)
 2. short-term power purchases
 3. financial reserves
 4. spill caused by lack of market

Notes:

Risks Purchasers Accept

- Unforeseen fish and wildlife costs, including changes in Biological opinion, drawdowns
- Unforeseen maintenance costs of the generation system
- Equipment replacements, betterments, and additions (other than resource acquisitions) including those for efficiency improvements and environmental purposes
- Within-year changes in operations
- No notice and termination rights for fish costs for term of contract (a preferred principle for application to all products; PGP’s intent is to bear same costs others would bear)
- All risks generally accepted in contracts by other requirements customers, except exposure to a cost recovery adjustment clause

Notes:

Basis for Payment

- Based on a percentage share of a contractually determined embedded cost revenue requirement for a 5-year rate period, not including financial reserves or other risk adjustments
- Cost of product may vary through annual true-up mechanism, based on factors determined in advance of contract execution
- No credits from BPA's marketing revenues
- Annual true-ups for actual BPA cost overruns or underruns, or extraordinary costs of generating units ("acts of God")
- Possible different cost treatment for preference and non-preference Slice purchases, because of statutory rate directives

Notes:

Resources Included/Excluded

- Includes FCRPS hydro and thermal committed prior to 1/97 (less Canadian Entitlement obligations)
- Includes long-term BPA power purchases committed prior to 1/97
- Includes public purpose resource acquisitions
- Excludes resources acquired for specific customers under other agreements
- Excludes short-term purchases
- May include long-term purchases committed after 12/96, by separate agreement?
- Unresolved whether purchases to firm nonfirm energy would or would not be included?

Notes:

Transmission

- Not included; purchaser obtains own

Notes:

Reserves

- Customer responsible for generation reserves to meet reliability standards

Notes:

Scheduling and Accounting

- Use of flexibility rights accounted for daily in a "storage account"
- Scheduling and accounting provisions established by contract
- BPA may adjust the rate of power deliveries to reflect actual operating constraints on the FCRPS

Notes:

Forecast and Data Needs

- Corps and Bureau system conditions, flood controls, boundaries
- BPA's annual, seasonal, monthly, weekly, daily forecasts of
 1. HLH maximum hourly generation
 2. LLH minimum hourly generation
 3. must-run non-hydro generation
 4. maximum permissible deviations of storage
- BPA's "telescoping" forecasts of the capability of the FCRPS, including both total generation and storage capabilities, and resulting limits to purchasers
- BPA forecasted Energy Content Curve
- BPA plans for operating within constraints
- BPA agreements or plans to operate for some environmental purpose
- Anticipated non-power operations
- Non-hydro outages
- Advance notice of limits on deliveries to and from storage account consistent with BPA's own limitations

Notes:

Operations/Management Influence

- Federal agencies make decisions on non-power requirements and operations of the FCRPS
- Purchaser would have no authority in river management, investment, or other management decisions

Notes:

Dispute Resolution

- Capabilities, constraints, production quantities subject to after-the-fact dispute resolution and other remedies (a high hurdle for requiring dispute resolution)
- Remedies for
 1. false application of a constraint
 2. chronic manipulation of forecast data
 3. withholding information
 4. bad faith actions causing substantial damage
- Remedies would be power replacement or monetary, not changes in river operations

Notes: