



Provider of Choice Workshop

April 9 -10, 2024

PROVIDER OF CHOICE

**POST
2028**





Provider of Choice Policy & ROD

Provider of Choice Policy and ROD

The final Provider of Choice Policy and ROD is the culmination of a years-long regional engagement designed to shape Bonneville's long-term power sales policies and contracts following the **expiration of Regional Dialogue contracts in September 2028**.

During the **July 20 - October 13, 2023**, open public comment period on the draft policy, Bonneville received over 16,800 comments reflecting hundreds of unique issues. The ROD addresses these comments.

Today's Focus

- 1. Major changes to the Provider of Choice Policy.**
 - Updates are red/underlined.
- 2. Opportunity to ask clarifying questions on the Provider of Choice Policy and Record of Decision.**





1. Introduction

1.2 Emerging Landscape

Known changes coming to the energy landscape for the post-2028 time period include:

- Western Resource Adequacy Program
- Day-ahead Markets
- Regional Transmission Organization
- Decarbonization
- Load Growth
 - Addresses impact electrification and new large loads may have on the energy landscape.

Clarifications?

1. Introduction

- 1.1 Principles and Goals
- 1.2 Emerging Landscape

No policy implementation workshops or contract language expected.



2. Provider of Choice Foundational Service Elements

2.1.2 Peak Net Requirements Calculation

Peak Net Requirements =

**Peak Total Retail Load (TRL) – Dedicated Resource
Peaking Capability**

Or

Monthly Peak P50 Load – WRAP QCC

Clarifications?

2. Foundational Service Elements

2.1 Net Requirements

2.2 Tiered Rates

Net requirements will be addressed in two tracks:

- Transparency process and calculation expected to be discussed in May.
- Implementation will be a feature of product design.

Rate topics will be addressed in PRDM process that is underway.

2.3.3.1 Tier 1 Non-federal Resource Allowance

- Provides an allowance for customers or joint operating entity utility members to add qualifying non-federal resources to offset load that would have otherwise been served by federal power priced at a PF Tier 1 rate or would have been subject to take-or-pay provisions.
- Adds up to an aggregate of 5 megawatts (MWs) nameplate of non-federal resources or 50% of their CHWM, whichever is less.
- Does not reduce a customer's CHWM.
- One-time election to choose whether new resource serves allowance or Above-CHWM load.

Clarifications?

2. Foundational Service Elements

2.3 Serving Load

2.3.1 Power at PF Tier 1

2.3.2 Augmentation

2.3.3 Non-federal Resources

Questions on whether Bonneville would acquire resources, timing of acquisition, or types of resources should be directed to the Resource Program.

Non-federal resource policy implementation discussions kick off April 10.



2.4 Contract High Water Marks

2.4 Contract High Water Marks

- CHWMs set a PF customer's maximum eligibility to purchase power priced at a PF Tier 1 rate.
- CHWMs are independent of net requirements calculation, which determines the actual amount of power a customer is able to purchase.

2.4.1 CHWM Calculation

- Bonneville will adopt and apply this CHWM calculation to establish individual customer CHWM's for the Provider of Choice contracts.
- The PRDM will not have a CHWM chapter (currently TRM Chapter 4). The Policy will serve as the calculation guide and any final decisions or issues that arise will be addressed in FY 2026 calculation process.

CHWM Calculation (Cont.)

CHWM Calculation	Description
2.4.1.1 Index Year	Uses an index year, FY 2023, to establish PF-eligible load.
2.4.1.2 PF-eligible Load	<p>Defines PF-eligible load as total retail load minus New Large Single Loads minus dedicated resources where:</p> <ul style="list-style-type: none"> • TRL will be based on actual loads. A one-time increase could be granted via economic adjustment. <u>Added weather normalization details.</u> • NLSLs will be based on actual loads. • Dedicated resources will be based on FY 2023 dedicated resource amounts. If a resource removal is requested and approved ahead of the CHWM calculation, the resource will not be included. <u>Clarified temporarily removed resources in FY 2023 will be included in the calculation.</u>

CHWM Calculation (Cont.)

Economic Adjustment

To qualify, a customer must have:

A single retail consumer load that in *FY 2023 is at least **5** aMW below its historical high load*, or *the consumer's lost load in FY 2023 represents a 10% reduction of the customer's TRL relative to the highest 12-month consecutive TRL from FY **2018** through FY 2022.*

Maximum adjustment:

*Historical High Load (highest 12-month consecutive load from FY **2018** through FY 2022) – Load in FY 2023*

Actual adjustment will be based on:

Highest 12-month consecutive load in FY 2024 and FY 2025, with the condition the load is still online in FY 2026.

CHWM Calculation (Cont.)

CHWM Adjustment	Description
2.4.1.3 Base Allowance	Begins CHWM calculation with a base allowance, 2024 Rate Period High Water Marks (RHWMs), from which all adjustments are added or subtracted.
2.4.1.4 Headroom Adjustment	Removes any headroom from a customer's base allowance if a customer's FY 2023 PF-eligible load is lower than its 2024 RHWM.
2.4.1.5 Conservation Adjustment	Adds 50% of self-funded conservation achievements approved by Bonneville from FY 2012 through FY 2023 <u>and self-funded NEEA savings from CY 2012 through CY 2023.</u>
2.4.1.6 New Specified Resource Adjustment	Adds 50% of the aMW of new specified resources dedicated to load in FY 2023 to eligible customers. <u>Resource must be included in PF-eligible load calculation to qualify for the adjustment.</u>

CHWM Calculation (Cont.)

CHWM Adjustment	Description
2.4.1.7 Load Growth Adjustment	Adds 25% of load growth from the Regional Dialogue contract period if a customer's FY 2023 eligible load is greater than its 2024 RHWM.
2.4.1.8 Proportional Share Adjustment	<u>The proportional share adjustment will equal the difference between 7,250 aMW and the initial aggregate CHWMs, as determined by the steps taken in Sections 2.4.1.1 through 2.4.1.7. If initial aggregate CHWMs greater than 7,250 aMW, no adjustment will be added nor will CHWMs be decremented.</u>
2.4.1.9 Returning Public Utility Treatment	Describes how Bonneville will calculate a CHWM for an existing public utility that did not establish a CHWM under Regional Dialogue.

2.4.2 Subsequent CHWM Adjustment Categories

- Certain conditions merit an increase to the amount of power a customer can purchase at a PF Tier 1 rate (or increase a customer's CHWM) after Provider of Choice CHWMs are set.
- These are the only adjustments that will be available during Provider of Choice.
- In the FY 2026 CHWM process Bonneville will:
 - Determine implementation details for subsequent adjustments.
 - Establish ongoing process to address CHWM subsequent adjustments and to calculate expected Above-CHWM load for future rate proceedings.

Adjustment Categories (Cont'd)

Adjustment Category	Description
2.4.2.1 Small Utility	Allow customers with PF-eligible load under 5 aMW to increase their CHWM up to the lesser of double their initial Provider of Choice CHWM, as defined in Section 2.4.1, or 5 aMW.
2.4.2.2 New Public Utility	Allow new public utilities to purchase power sold at a PF Tier 1 rate. Bonneville will calculate new public utilities' CHWMs based on their PF-eligible load.

Adjustment Categories (Cont'd)

Adjustment Category	Description
2.4.2.3 Tribal Utility	Allow a tribal utility to increase its CHWM for load within the tribal utility's service territory. Applies to customers that are recognized as a tribal utility consistent with Bonneville's standards for service <u>or a utility that is operated by a federally recognized tribe pursuant to a 638 contract and serves reservation load. Removed limitation to annexed load.</u>
2.4.2.4 DOE Vitrification Load	Increase DOE Richland's CHWM to serve the total DOE Richland's vitrification plant load <u>up to the difference between DOE Richland's Provider of Choice CHWM and their base allowance (estimated about 20 aMW).</u>

Adjustment Categories (Cont'd)

CF/CT Adjustment – NEW

To qualify, a customer must have:

A final Provider of Choice CHWM that is lower than their base allowance (2024 RHWM). The adjustment will be capped at the difference between the two, or known as the **cap**.

The CF/CT load must:

(1) Be listed in the customer's Regional Dialogue Exhibit D; (2) operated during Regional Dialogue; and (3) not be demolished. A **historic high load** will be established on the highest consecutive 12-month operating period.

Actual adjustment will be based on:

The **recovered load** will be calculated as the highest consecutive 12-month operating period from FY 2024 through FY 2028.

Maximum adjustment:

The adjustment will be limited to the difference between the customer's CHWM and their base allowance (FY 2024).

- If **recovered load** – FY 2023 load > **cap** and **historic high load** > **cap**, the adjustment will be equal to the **cap**.
- If **recovered load** – FY 2023 load < **cap**, the adjustment will be set equal to the difference in loads but will not exceed **historic high load**.

Adjustment Categories (Cont'd)

Adjustment Category	Description
<u>2.4.2.6 Port Townsend Paper</u>	<u>If Port Townsend Paper is not offered a DSI contract and the load is PF eligible, would allow Jefferson PUD to increase its CHWM pending a public process to determine qualifications and amount of CHWM to be granted.</u>

Clarifications?

2. Foundational Service Elements

2.4 CHWMs

2.4.1 CHWM Calculation

2.4.2 Subsequent Adjustments

2.4.3 RHWM

CHWM policy implementation discussion scheduled for June. Plan includes discussion of how to identify loads that may qualify for the economic CF/CT adjustments as well as the timeline for FY 2026 CHWM calculation

All other CHWM conversations would take place during FY 2026 CHWM calculation process.



3. Products and Services at Priority Firm Rates

3.2 Load Following

Bonneville will offer the Load Following product, which will serve a customer's energy and peak net requirements load on an hourly basis.

3.3 Block

- Bonneville will offer the Block product, which provides firm power each month on a planned annual basis to meet a customer's planned annual net requirement load in pre-defined quantities and shapes.
- Two shapes: 1) Flat block across the year or 2) Shaped block with two options.
 - A. Block amounts in equal quantities across all hours by month.
 - B. Diurnal shape; amounts are shaped with up to 60% of the megawatt hours in the heavy load hour period.

Clarifications?

- 3. Products and Services at PF rates
 - 3.1 Product Basics
 - 3.2 Load Following
 - 3.3 Block (includes Shaping Capacity)
 - 3.4 Slice/Block

Load Following discussions expected to start in May. Block and Block with Shaping Capacity will start April 16. Slice/Block design to start April 10.

Conversations that apply to all products, like product switching, will feature as appropriate through product design conversations but may also be noticed as a standalone topic.



Daniel Fisher

3.5 Above-CHWM Load Service

3.5 Above-CHWM Load Service

- Bonneville will offer customers the choice to serve Above-CHWM loads with Bonneville provided firm power, non-federal resources or a combination of the two.
- Requires customers to make a one-time election, 60 days after CHWMs are established, to determine what portion of its Above-CHWM load will be served through the **Long-Term Tier 2 Path** and what portion will be served through the **Flexible Above-CHWM Path**.
- After CHWMs are calculated, each customer will elect one of these four options: (1) All Long-Term; (2) Fixed Long-Term then Flexible; (3) Fixed Flexible then Long-Term; or (4) All Flexible.

3.5.1 Long-term Tier 2 Path

- Bonneville will offer one **Long-term Tier 2 rate** to provide certainty and stability of expected rates over the contract period.
- Bonneville would provide a one-time change option, subject to notice requirements and fees, that would allow customers to cap, or reduce, the amount of its load that is subject to the Long-Term Tier 2 rate.
- Additionally, customers may reduce their initial Long-Term Tier 2 Path election, without a fee, provided that the notice of the reduction is given to Bonneville: 1) before Bonneville acquires power for the purposes of serving Long-Term Tier 2 Path obligations, or 2) if no such acquisition has occurred, the customer notice of a reduction occurs at least 3 months prior to the start of the BP-29 rate proceeding, whichever occurs first.

3.5.2 Flexible Above-CHWM Path

Gives customers the choice of how to serve their Above-CHWM load. Choices include:

- Bonneville’s Short-Term Tier 2 rate, as elected on a rate period basis. Clarifies limit to offering option is tied to available supply.
- Bonneville’s Vintage Resource Tier 2 rate, offered only when Bonneville is making an RFO to acquire a resource.
- Customer acquisition of non-federal resources.

Clarifications?

- 3. Products and Services at PF rates
 - 3.5 Above-CHWM Load Service

The PRDM process has started conversations on PF Tier 2 offerings and pricing. The PRDM and policy implementation discussions will be coordinated as appropriate. Policy implementation workshops on Above-CHWM are anticipated to kick off in May.



4. Products and Services at New Resource Rate and Industrial Firm Power Rate

Clarifications?

- 4. Products and services at NR/IP rates
 - 4.1 5(b) for Investor-Owned Utilities
 - 4.2 New Large Single Loads
 - 4.3 Direct Service Industry Customer

Bonneville intends to offer IOUs the standalone Block product at a NR rate. Block product conversations will start April 16. Separate NR Block discussions are not scheduled at this time.

NLSL workshops are expected to kick off in May.

Bonneville does not have plans to discuss the DSI contract as part of policy implementation.



5. Rate Discounts

5.1 Irrigation Rate Discount

- Bonneville will offer an IRD under Provider of Choice to continue Bonneville's long-standing tradition of providing irrigation rate mitigation.
- IRD methodology to be determined in the PRDM.
- Bonneville will determine whether to accept alternative historical data.

Clarifications?

5. Rate Discounts

- 5.1 Irrigation Rate Discount
- 5.2 Low Density Discount

Any remaining IRD and LDD issues identified in the ROD will be addressed in the PRDM or subsequent 7(i) process.



6. Power Delivery

Power Delivery and Transmission

Section 6 Power Delivery

- Customer is responsible for contracting with Bonneville Transmission Services to arrange and contract for the delivery of power purchased under Provider of Choice contracts.
- **Bonneville added new paragraph clarifying its transmission obligation in the Policy.**

Clarifications?

6. Power Delivery

6.1 Transmission

6.2 Transfer Service

Transfer workshops are expected to kick off in May.

Transmission-related issues should be identified in transmission forums. If questions about the appropriate transmission forum, please contact your transmission AE.

Clarifications?

7. Carbon
8. Long-term Cost Management
9. Conservation
10. Residential Exchange Program

Carbon workshops are expected to start in June.

The other sections are outside the scope of Provider of Choice. Questions or issues should be directed to:

- Cost management: Finance/IPR.
- Conservation: EE.
- REP: Process in flight.



11. New Long-Term Contracts

11.3 Standardized Contracts

Bonneville will offer standardized Provider of Choice contracts with customers and expects that contract provisions will be as identical as possible for customers taking the same services.

11.5 Loads and Resource Information Requirement

Bonneville will require specific load and resource information and data from customers that is necessary for the contract including but not limited to:

- Meter data.
- Historic data needed for load forecasting.
- Load and resource data relating to serving large loads and NLSLs.
- Resource information needed for purposes of calculating net requirements.
- Batteries and storage facility information.

11.6 Federal Income Tax-Exemption on Columbia Generating Station Bonds

Addresses that contracts will be structured so that tax-exempt status of bonds is preserved.

Specifically, the \$4.5 billion debt service costs

Bonneville meets for tax-exempt bonds for Energy Northwest's Project 1, Project 3, and CGS.

Clarifications?

11. New Long-term Contracts

12. Environmental Analysis

Contract approach will be discussed April 9.

Whether an environmental analysis will be required for contracts will be determined based on draft contracts.