

**Regional Dialogue Contracts**  
**Snohomish PUD Proposed Clean-Up Amendments**  
March 12, 2009

Snohomish PUD supports the following revisions be made to the Regional Dialogue Contracts:

**Revisions to Common Provisions:**

**1. Section 3.4 Peak Amount Methodologies**

Peak energy capability is a regional issue and provisions should be in both the Slice/Block and Load Following contracts AFTER the methodology has been developed and the public process has been completed.

During negotiations of the RD Slice/Block Contract, establishing the method by which the peak energy capability of a utility's Specified Resource would be computed was identified by BPA as a regional problem that needed to be addressed at some time in the future. Subsequently, a number of provisions were inserted in Sections 3.4.1 through Sections 3.4.3, some of which are in conflict with other sections of the Slice/Block Contract (Section 3.3.1. Specified Resources, Section 17.7 Transparency of Net Requirements Process, and Exhibit A-Section 1.2, Forecast of Net Requirements and Exhibit A-Section 2 Specified Resource list).

BPA has stated it will conduct a public process to review peak energy capability and peak net requirements for Slice/Block customers, and we look forward to participating in these discussions. Because this is a regional issue, provisions with regard to calculating a customer's peak resource amounts is applicable to all BPA customers and should be included in both the Load Following and Slice/Block Contracts only after the methodology has been developed and reviewed in a public process.

**2. Section 3.5.8 PURPA Resource**

PURPA resources should not need to be specified in a tiered rates world, as the resource purchase may be used to serve a utility's Tier 2 or renewable portfolio standards requirements. Recommend deleting entire section.

**3. Exhibit H, Section 4: Tier 2 RECs**

Clarify that when a customer purchases energy at a Tier 2 Short-Term or Vintage Rate, and the resource/market purchase associated with that rate has associated RECs, then the customer should receive all or its pro rata amount of that customer's purchase amount from the relevant resource(s).

- [4.1](#) If «Customer Name» chooses to purchase Firm Requirements Power at a Tier 2 Rate, and there are RECs which BPA has determined are associated with the resources whose costs are allocated to the Tier 2 Cost Pool for such rate, then beginning April 15 of the year immediately following the first Fiscal Year in which «Customer Name»'s Tier 2 purchase obligation commences, and by April 15 every year thereafter for the duration of «Customer Name»'s Tier 2 purchase obligation, BPA shall, based on «Customer Name»'s election pursuant to section 5 of this exhibit, transfer to or manage for «Customer Name» a pro rata share of applicable Tier 2 RECs generated during the previous calendar year. The pro rata share of Tier 2 RECs BPA transfers to «Customer Name» shall be the ratio of «Customer Name»'s amount of power purchased at the applicable Tier 2 Rate to the total amount of purchases under that Tier 2 Rate.
- [4.2](#) Notwithstanding the above, if «Customer Name» elects to purchase Firm Requirements Power at Tier 2 Vintage Rates or Tier 2 Short-Term Rates, and there are RECs which BPA has determined are associated with the resources that form the basis of such purchases, then beginning April 15 of the year immediately following the first Fiscal Year in which «Customer Name»'s Tier 2 Vintage Rates or Tier 2 Short-Term Rates purchase obligation commences, and by April 15 every year thereafter for the duration of «Customer Name»'s purchase obligation, BPA shall, based on «Customer Name»'s election pursuant to section 5 of this exhibit, transfer to or manage for «Customer Name» a pro rata share of the RECs generated from those resources during the previous calendar year. The pro rata share of the RECs BPA transfers to «Customer Name» under this section 4.2 shall be the ratio of «Customer Name»'s amount of power purchased at the applicable Tier 2 Vintage Rate to the total amount of purchases under that Tier 2 Vintage Rate.

## Revisions to Slice/Block Provisions:

### 1. Section 4.2.1: Tier 1 Block Amount Shapes

A Slice/Block customer is required "upon execution of this Agreement" to select the shape of their Tier 1 Block product (flat annual or flat within month). However, no election was provided for in Section 1.2 of Exhibit C – rather, Section 1.2 of Exhibit C shows both. Suggested correction:

Upon the execution of this Agreement, «Customer Name» shall select one of the following shapes for Tier 1 Block Amounts: (1) a Flat Annual Shape, or (2) a Flat Within-Month Shape. The shape selected by «Customer Name» shall be specified [by completing the appropriate table](#) in section 1.2 of Exhibit C and shall remain fixed during the term of this Agreement.