



# Provider of Choice Product Switching

June 24, 2024

**PROVIDER OF CHOICE**

**POST  
2028**

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# Workshop Objectives

Overview of Bonneville's updated proposal for how and when customers could change their purchase obligation (product switching) under Provider of Choice contracts including timing and provisions.

Discussion on the defined conditions and product switching revised proposal.







# Bonneville Revised Proposal



# Product Switch Opportunities

## One-time Product Switch: Revised Proposal

**Policy:** Bonneville will allow customer to switch products one time under Provider of Choice.

- **Initial Proposal:** Bonneville would adopt a defined election window in the PoC contract and would consider ad-hoc product switch requests, on a case-by-case basis.
- **Revised Proposal:** Bonneville will adopt a rolling one-time product switch allowance with defined conditions and limitations to give customers flexibility on the timing of when they can opt to switch products.

# Product Switch Conditions

- Due to removing a defined election window for a customer to switch products, Bonneville will define and adhere to firm parameters and conditions.
- The following slides show the areas Bonneville will be focusing contract conditions for a customer to change its purchase obligation.
- Bonneville will share the specific product switching conditions in draft contract language at a future Provider of Choice contract workshop.

# Product Switch Design

The following design principals are some of the key design tenets for a successful product switch design:

1. **Isolates stranded costs** from impacting other customers.
2. **Gives Bonneville sufficient time to plan** (e.g., make resource acquisitions or prepare for operational changes).
3. Accounts for the product change **in rate setting**.
4. **Focuses Bonneville work-load requirements** to successfully accommodate product switch requests.
5. **To meet a customers internal business** needs and **provides customers time to adapt** to a new product choice.



# Product Switch Conditions

1. No less than three years notice.
  - Customers will be expected to provide Bonneville with no less than three years notice to allow Bonneville to assess and successfully enact a product switch.
2. The effective date for any product change shall be timed to be the first day of a rate period.
  - This allows Bonneville sufficient time to ensure that cost shifts are minimized and accounted for in the rate case cycle.
  - Provides time for Bonneville to assess the impact of a product switch and assess any fees or associated costs.

# Product Switch Conditions

3. Set limitations based on peak load that would increase Bonneville's capacity obligations. Under Regional Dialogue this amount was 300 MW.
  - This condition allows Bonneville to limit the capacity exposure that it may be obligated to provide as a result of multiple products choices in a single rate cycle.
  - If the capacity exceeds the defined aggregate amount Bonneville will request that the customer defers the start date of their product switch until a future rate period.
  - Bonneville will define the capacity amount in draft contract language.



# Product Switch Conditions

## 4. Cost to Change Purchase Obligation.

- All costs associated with a product will be paid for by the customer requesting the product switch.
- A cost shift assessment will be designed to minimize shifting costs between customers as a result of a single customer switching products.

## 5. Customer may be subject to additional charges.

- These would be in addition to the rates for the new service, as a result of a customer changing their purchase obligation.

# Product Switch Conditions

6. Depending on the volume of requests that come in and the workload associated with switching multiple customers to a new product. Bonneville may need to consider staggering product switches across multiple rate periods.
  - Intent is to avoid periods where Bonneville has significant internal workload demands.
  - May stipulate a product switch request cannot take effect after a given period.
    - Example: Bonneville may need to consider workload in later stages of the Provider of Choice contract.



# Discussion

