**Reservation of Rights:** *All draft Provider of Choice (POC) contract language presented by BPA for discussion is subject to ongoing review and revision. Prior to finalizing the POC contract templates, BPA will publish complete contract templates for public review and comment. BPA acknowledges that failure to offer edits or comments on this document does not preclude a stakeholder from offering edits or comments during the formal public review.*

**Summary of Changes:**

* Slice Percentage changed from fixed percentage adjusted by Tier 1 System Capability to fifty percent of customer’s Tier 1 annual net requirement.
* Slice Product Delivery requests changed from real-time and Day-Ahead.
* BPA responsible for operational changes and financial impacts between day-ahead and real-time.

**Reservation of Rights**

The following draft language has not been agreed to by NRU or any NRU member and is provided for discussion purposes only. The draft Provider of Choice contract red-lines, including this section, are subject to NRU’s ongoing review and recommended revision. NRU reserves the right to subsequently object to, and if necessary, reject the language below, in whole or in part, and/or propose alternative language, including the right to reject or propose alternatives to the edits proposed by NRU in this draft.

**Related** **Definitions**

PRDM revised the name of some definitions applicable to the Slice Product, such definitions are highlighted below.

"CHWM Modeled Augmentation" means a PRDM construct flat annual block of power used to establish the simulated Slice capability and equitably allocate costs between Slice and Non- Slice rates.

“CHWM System” means the Tier 1 Firm System Output reduced for Designated System Obligations Plus CHWM Modeled Augmentation as established in each 7(i) process.

"Designated System Obligations" the set of obligations specified in Table 3-2 of the PRDM, which: 1) are directly assigned to, or from, the generation output or capability of the Tier 1 System Resources, or 2) are incurred because of contracts, operational obligations, memorandums of agreement, treaties, statutes, regulations, court orders, or executive orders, as individual or in combination that create a firm obligation for the Tier 1 System Resources. Designated System Obligations also includes the portion of BPA’s ancillary and control area service obligations that are provided from the Tier 1 System Resources.

“Firm Slice Amount” means a customer’s Slice Percentage multiplied by the Tier 1 Firm System Output, reduced for Designated System Obligations plus CHWM Modeled Augmentation.

“Tier 1 Firm System Output” means the firm output of the Tier 1 System Resources adjusted for non-power constraints and not reduced for Designated System Obligations as defined in the PRDM.

“Tier 1 System” means the Tier 1 System Resources and Designated System Obligations

**5. SLICE PRODUCT**

5.1 **Slice Product General Description**

5.1.1 The Slice Product is a system sale that includes Firm Requirements Power and surplus power. The Slice Product is indexed to the variable output capability of the Tier 1 System Resources to the extent such capability is available to Power Services after Designated System Obligations and Operating Constraints are met. «Customer Name» accesses the capabilities of Tier 1 System through the SCA as described in Exhibit M. BPA shall configure the SCA to reasonably represent and calculate the capabilities available on a day-ahead timeframe to Power Services from the Tier 1 System Resources after Designated System Obligations and Operating Constraints are met, including energy production, peaking, storage, and ramping capability. The SCA applies «Customer Name»’s Slice Percentage to the Tier 1 System capabilities to determine «Customer Name»’s Slice Output.

«Customer Name» shall use the SCA to submit Slice Output requests to BPA for each hour on a day ahead timeframe as described in sections 3 and 4 of Exhibit F. BPA shall supply power for any variation in the Tier 1 System Resource generation capabilities between the day-ahead and real-time timeframes to ensure Slice Output is available to «Customer Name».

5.1.2 The Slice Product sold by BPA and purchased by «Customer Name» is a power sale, and is not under any circumstances to be construed as a sale of the Tier 1 System Resources, Tier 1 System Resource capability, or a transfer of control of Tier 1 System Resources. Notwithstanding any provision of this Agreement to the contrary, BPA and the Federal operating agencies shall retain operational control of all resources comprising the FCRPS, including without limitation all such resources that comprise the Tier 1 System Resources.

5.1.3 BPA does not guarantee that the amount of Slice Output Energy made available under the Slice Product, combined with Firm Requirements Power made available under the Block Product, will be sufficient to meet «Customer Name»’s regional consumer load, on an hourly, daily, weekly, monthly, or annual basis. «Customer Name» is obligated to supply non-federal power to serve the difference between its Total Retail Load and electric power from its purchase of Slice Output and the Block Product.

5.1.4 Changes in the output of the Tier 1 System Resources shall affect the amount of Slice Output made available to «Customer Name» under this Agreement. Accordingly, «Customer Name» understands and agrees it is exposed to Tier 1 System Resources performance risk and water supply risk.

5.1.5 The Slice Product does not provide «Customer Name» any rights to utilize Tier 1 System Resources for within-hour or within-day energy or capacity services, including but not limited to dynamic scheduling, self-supply of operating reserves, and self-supply of energy imbalance.

5.2 **Determination of Amounts of Slice Output Made Available**

Slice Output made available to «Customer Name» shall be adjusted by Operating Constraints in effect on the Tier 1 System Resources. Such Operating Constraints shall be applied proportionately to the Tier 1 System Resources output available to Power Services, «Customer Name», and all other Slice Customers.

The amount of Slice Output Energy made available to «Customer Name» is based on a simulation of stream flows routed through the Simulator Projects, plus the BOS Base, using the SCA, and as adjusted for Operating Constraints. «Customer Name» understands and agrees that the amount of Slice Output Energy made available to «Customer Name» may not precisely equal the result of its Slice Percentage multiplied by the Actual Tier 1 System Generation.

5.3 **Annual Calculation of Slice Percentage**

BPA shall calculate «Customer Name»’s Slice Percentage in each Fiscal Year as follows:

5.3.1 **Slice Percentage in the First Year of the Rate Period**

By September 15 of each Rate Case Year, BPA shall calculate «Customer Name»’s Slice Percentage by multiplying fifty percent by the lessor of «Customer Name»’s:

(1) CHWM, or

(2) Forecast of Total Retail Load minus Existing Resources minus NLSLs minus Tier 1 Allowance Amount, and then divided by the Annual CHWM System, and multiplied by one-hundred.

The value as expressed as a percentage will be rounded to the fifth decimal and as a number rounded to the seventh decimal. Expressed as a formula, the Slice Percentage for the first year of the Rate Period is calculated as follows:

where:

ER = Existing Resources

T1AA = Tier 1 Allowance Amount

TRLFx = forecast of Total Retail Load

BPA shall revise and state «Customer Name»’s Slice Percentage in section 1 of Exhibit K no later than September 15, 2028 and each September 15, thereafter.

5.3.2 **Slice Percentage in the Second Year of the Rate Period**

By September 15 of each Forecast Year, BPA shall calculate «Customer Name»’s Slice Percentage using the following calculations:

If «Customer Name»’s forecast of Total Retail Load minus Existing Resources minus NLSLs minus Tier 1 Allowance Amount in the second year of the Rate Period is greater than or equal to: (1) the Annual CHWM System, multiplied by (2) «Customer Name»’s Slice Percentage in the first year of the Rate Period, then «Customer Name»’s Slice Percentage in the second year of the Rate Period shall be set equal to its Slice Percentage in the first year of the Rate Period.

If «Customer Name»’s forecast of Total Retail Load minus Existing Resources minus NLSLs minus Tier 1 Allowance Amount in the second year of the Rate Period is less than (1) the Annual CHWM System, multiplied by (2) «Customer Name»’s Slice Percentage in the first year of the Rate Period, then «Customer Name»’s Slice Percentage in the second year of the Rate Period shall be set equal to «Customer Name»’s forecast of Total Retail Load minus Existing Resources minus NLSLs minus Tier 1 Allowance Amount divided by the Annual CHWM System, expressed as a five decimal percentage.

BPA shall revise and state «Customer Name»’s Slice Percentage in section 1 of Exhibit K no later than September 15, 2028, and by each September 15 thereafter.

5.4 **Firm Slice Amount**

5.4.1 BPA shall determine «Customer Name»’s Firm Slice Amount for Fiscal Year 2029 no later than September 15, 2028, and for each subsequent Fiscal Year no later than September 15 thereafter, by multiplying the monthly Average Megawatts of Annual CHWM System set forth in the table in section 1 of Exhibit K for each Fiscal Yearby «Customer Name»’s Slice Percentage applicable to each such Fiscal Year stated in section 2 of Exhibit K. BPA shall revise and state «Customer Name»’s Firm Slice Amount for each Fiscal Year in section 3 of Exhibit K.

5.4.2 «Customer Name» shall purchase and receive a share of CHWM Modeled Augmentation in an amount equal to «Customer Name»’s Slice Percentage in section 1 of Exhibit K multiplied by the CHWM Modeled Augmentation for each Fiscal Year as established in the applicable 7(i) Process. Such amounts are included in the calculation of Firm Slice Amount in section 5.4.1 above.

The BOS Base amount in the SCA as determined by section 4.1.1. of Exhibit M shall include the amounts CHWM Modeled Augmentation listed in section 4 of Exhibit K. BPA shall make CHWM Modeled Augmentation available to «Customer Name» in a Flat Annual Shape for the applicable Fiscal Year.

5.5 **Disposition of Surplus Slice Output**

5.5.1 All sales, exchanges, or other dispositions of BPA provided electric power are subject to and governed by federal law including, but not limited to, the Bonneville Project Act,16 U.S.C. § 832 *et seq.*, P.L. 75‑329 as amended, the Pacific Northwest Consumer Power Preference Act, 16 U.S.C. § 837 *et seq.,* P.L. 88‑552, the Federal Columbia River Transmission System Act, 16 U.S.C. § 838 *et seq.*, P.L. 93‑454, and the Northwest Power Act, P.L. No. 96‑501, as amended.

5.5.2 All sales of Surplus Slice Output by «Customer Name» for use outside the Region, or to parties not serving firm retail load in the Region, are subject to the provisions of the Pacific Northwest Consumer Power Preference Act and section 9(c) of the Northwest Power Act, and BPA and «Customer Name» acknowledge their respective responsibilities thereunder.

5.5.3 The following uses of Surplus Slice Output shall not constitute a sale of Surplus Slice Output outside the Region:

(1) Leaving the Surplus Slice Output in Storage or placing it in «Customer Name»’s Storage;

(2) Exchanging Surplus Slice Output with another utility customer in the Region, or a statutorily enumerated type of exchange with a utility outside the Region;

(3) Using Surplus Slice Output to displace «Customer Name»’s non-federal resources identified in Exhibit A, or «Customer Name»’s market purchases that would have been made for serving its Total Retail Load; and

(4) A sale of Surplus Slice Output to a BPA utility customer for service to that utility’s Total Retail Load in the Region, consistent with sections 3(14) and 9(c) of the Northwest Power Act.

Upon request «Customer Name» shall provide evidence that Surplus Slice Output was used consistent with section 9(c) of the Northwest Power Act. «Customer Name» may demonstrate such uses of Surplus Slice Output by means of a storage account, executed contracts for binding sales or exchanges, or another form of offer and acceptance.

5.5.4 Pursuant to the Pacific Northwest Consumer Power Preference Act and section 9(c) of the Northwest Power Act, BPA shall have the right to curtail all or a portion of «Customer Name»’s: (1) Surplus Slice Output capacity upon 60 months written notice to «Customer Name», and (2) Surplus Slice Output energy upon 60 days written notice to «Customer Name». Any such notice shall specify the amounts and duration of the curtailment, and whether such capacity or energy is needed to meet BPA’s capacity and energy requirements in the Region. Prior to issuing any such curtailment notice, BPA and «Customer Name» shall consult in order to determine the quantity, if any, of Surplus Slice Output energy and capacity that may be subject to such curtailment. Such curtailments shall be limited to «Customer Name»’s proportional share of the amount needed, and for the duration necessary, to cover BPA’s projection of its needs within the Region. Such curtailments are subject to sections 5.5.5 and 5.5.6.

5.5.5 If BPA issues a notice of curtailment pursuant to section 5.5.4, then it shall concurrently issue notices of curtailment, recall, or termination to all other extra regional and non-preference purchasers to whom BPA has sold Surplus Firm Power, or surplus capacity, for durations longer than specified in the notice, provided that such sales agreements contain provisions that allow for recall, curtailment or termination.

5.5.6 Following each month that Surplus Slice Output is curtailed pursuant to section 5.6.5 above, Power Services shall include a line item credit on «Customer Name»’s monthly customer bill issued equal to the amount of Surplus Slice Output energy curtailed during the preceding month, multiplied by the Monthly Reimbursement Value for the month during which the curtailment was in effect.

5.6 **Disposition of Requirements Slice Output and Requirements Slice Output Test**

**NOTE: RSO Test will be revised for BPA participation in a day-ahead market.**

5.6.1 **Disposition of Requirements Slice Output**

Requirements Slice Output (RSO) purchased by «Customer Name» under this Agreement and made available by BPA shall be used solely for the purpose of serving «Customer Name»’s Total Retail Load. «Customer Name» shall maintain monthly documentation establishing the delivery of RSO to serve its Total Retail Load, such as by schedule or by electronic tag, for each such month. «Customer Name» shall make such documentation available to BPA upon request.

5.6.2 **Requirements Slice Output Test**

5.6.2.1 **Submission of Monthly Actual Total Retail Load Data**

On or before the 10th Business Day of each calendar month, «Customer Name» shall submit to BPA its actual Total Retail Load for the preceding calendar month, expressed in MWh.

5.6.2.2 **RSO Test**

BPA shall compare: (1) «Customer Name»’s Slice Output Energy delivered to its actual Total Retail Load plus loss return schedules to Transmission Services (Slice-to-Load Delivery) during each month with (2) «Customer Name»’s RSO for each such month. Such comparison is the monthly RSO Test.

5.6.2.3 **Notification of Results of RSO Test**

On or before the 20th Business Day of each calendar month, BPA shall notify «Customer Name» in writing of the results of the RSO Test conducted pursuant to section 5.7.2.2.

5.6.2.4 **Conditions that Result in Passage of RSO Test**

(1) If «Customer Name»’s Slice-to-Load Delivery in a month is greater than or equal to its RSO for such month, then «Customer Name» shall have satisfied the requirements of the RSO Test for such month; or,

(2) If «Customer Name»’s Slice-to-Load Delivery in a month is less than its RSO for such month, but «Customer Name»’s Actual Slice Output Energy (ASOE) for the month is less than 107.5 percent of its RSO, and «Customer Name»’s monthly Slice-to-Load Delivery is greater than 92.5 percent of its ASOE for such month, then «Customer Name» shall have satisfied the RSO Test for such month.

5.6.2.5 **Conditions Under Which BPA May Deem Customer to Have Satisfied the RSO Test**

(1) If «Customer Name» has not satisfied the requirements of the RSO Test pursuant to section 5.6.2.4, then «Customer Name» may, within 14 calendar days after BPA provides «Customer Name» with written notice of the RSO Test results pursuant to section 5.6.2.3, provide BPA with data that demonstrates «Customer Name» took reasonable and prudent actions to otherwise satisfy the RSO Test for such month. Such data may include analysis indicating «Customer Name» satisfied the RSO Test in each of two distinct periods of ten or more consecutive days within the month. If Power Services determines such data and/or analysis demonstrates such compliance, then BPA shall deem «Customer Name» to have satisfied the RSO Test for such month. BPA shall have the sole discretion to determine whether «Customer Name» shall be deemed to have satisfied the RSO Test pursuant to this section 5.6.2.5(1). BPA shall, no later than 14 calendar days following the day «Customer Name» provides such supporting data and/or analysis, notify «Customer Name», in writing, of its decision as to whether or not «Customer Name» shall be deemed to have satisfied the RSO Test, and the basis for such decision.

(2) If recurring conditions exist that result in BPA repeatedly deeming «Customer Name» to have satisfied the RSO Test, BPA and «Customer Name» shall collaboratively develop documentation, through a separate letter agreement, that establishes for a specified prospective time period the conditions under which BPA shall deem «Customer Name» to have satisfied the RSO Test.

5.6.2.6 **Conditions that Result in Failure of RSO Test and Associated Penalty**

If «Customer Name» fails to satisfy the RSO Test per section 5.7.2.4, and is not deemed by BPA to have satisfied the RSO Test pursuant to section 5.7.2.5 for any month, then a penalty charge shall be assessed as follows for that month:

(1) The penalty charge shall be equal to «Customer Name»’s under-delivered amount for such month multiplied by the Unauthorized Increase Charge or its successor, as established in the Wholesale Power Rate Schedules and GRSPs for energy for each such month.

(2) The under-delivered amount for such month is equal to the lesser of the amount «Customer Name»’s monthly Slice-to-Load Delivery is less than: (1) «Customer Name»’s RSO for the month, or (2) if section 5.6.2.4(2) is applicable, then 92.5 percent of «Customer Name»’s ASOE for the month.

5.7 **Northwest Power Act Section 6(m) Resource Acquisitions**

«Customer Name» retains all rights to participate in any BPA major resource acquisitions pursuant to section 6(m) of the Northwest Power Act.

5.8 **Displacement of Columbia Generating Station (CGS)**

5.8.1 **Definitions**

5.8.1.1 “Columbia Generating Station” or “CGS” means the nuclear powered generating facility located near Richland, Washington, and operated by Energy Northwest, or its successor.

5.8.1.2 “CGS Displacement” means a decision by Power Services to shut-down all or a portion of the power production at CGS due to market conditions.

5.8.2 **CGS Displacement**

«Customer Name» shall participate in CGS Displacement. CGS Displacement will reduce «Customer Name»’s Slice Output.

5.9 **SCA Functionality Test, Simulator Performance Test, and Implementation of the SCA**

This section sets out the SCA Functionality and Simulator Performance Tests. BPA shall promptly notify «Customer Name» of the results of the SCA Functionality and Simulator Performance Tests.

5.9.1 **Definitions**

5.9.1.1 “Default User Interface,” or “DUI,” means the basic user interface that is developed by BPA and made available to «Customer Name» for access to the SCA.

5.9.1.2 “SCA Functionality Test” means the test set forth in section 5.11.2 that is conducted to determine whether the SCA is complete, functional, and ready for daily implementation and use.

5.9.1.3 “SCA Implementation Date” means the latest of: (1) October 1, 2028, (2) 90 days after the SCA Pass Date, or (3) 90 days after the Simulator Pass Date.

5.9.1.4 “SCA Pass Date” means the date on which the SCA passes the SCA Functionality Test.

5.9.1.5 “Simulator Pass Date” means the date on which the Simulator passes the Simulator Performance Test.

5.9.1.6 “Simulator Performance Test” means the test conducted by BPA and consisting of four separate tests: a Storage Content test, an energy test, a peaking test, and a ramp down test, each as separately described in section 3.5.3 of Exhibit M.

5.9.2 **SCA Functionality Test**

5.9.2.1 BPA shall conduct the initial SCA Functionality Test no later than [Date to be determined by BPA].

5.9.2.2 BPA, in consultation with «Customer Name» and other members of the SIG, shall, by [Date to be determined by BPA], establish a detailed written description of the validation procedures that will comprise the SCA Functionality Test. Such validation procedures shall include a comprehensive series of objective tests that establish if the SCA, including the Simulator, DUI and BOS module, are wholly functional and ready for daily implementation and use.

5.9.3 **SCA Implementation Date**

5.9.3.1 If the SCA Implementation Date is established as of October 1, 2028, then BPA and «Customer Name» shall commence implementation of the SCA beginning on October 1, 2028.

5.9.3.2 If the SCA Implementation Date is established later than October 1, 2028, then:

(1) Beginning on October 1, 2028, and continuing until the SCA Implementation Date, BPA and «Customer Name» shall continue to use the version of the SCA implemented under the Power Sales Agreement that expired on September 30, 2028.

(2) The SIG shall develop procedures no later than October 1, 2028 that BPA and Slice Customers shall follow to ensure all SCA actions are completed in accordance with this Agreement.

5.9.4 **Simulator Performance Test**

5.9.4.1 No later than[Date to be determined by BPA], BPA shall provide «Customer Name» access to the Simulator that will be used by BPA to conduct the Simulator Performance Test. The Simulator Performance Test shall be conducted by BPA no later than October 31, 2027.

5.9.4.2 If, as of [Date to be determined by BPA] , the Simulator has failed one or more of the four tests that comprise the Simulator Performance Test, then «Customer Name» may elect to change its purchase obligation pursuant to section 11.2.

5.9.5 **Customer Unable to Utilize DUI**

If, as of the SCA Implementation Date, «Customer Name» is not functionally ready to access and utilize the DUI, then beginning on the SCA Implementation Date and continuing until 30 calendar days after «Customer Name» provides BPA with written notice that it is functionally ready to utilize the DUI, then BPA shall use the SCA to determine «Customer Name»’s hourly Delivery Requestsin accordance with the following procedures:

5.9.5.1 **Establishment of Preschedules**

(1) BPA shall set «Customer Name»’s Customer Inputs (generation requests) for Grand Coulee and Chief Joseph equal to Power Services’ planned Grand Coulee and Chief Joseph’s respective generation.

(2) BPA shall set «Customer Name»’s Customer Inputs (elevation requests) for the LCOL Complex projects such that those projects pass inflow on an hourly basis.

(3) BPA shall set «Customer Name»’s hourly BOS amount equal to «Customer Name»’s Slice Percentage multiplied by the BOS Base amount (no BOS Flex allowed).

(4) BPA shall communicate «Customer Name»’s Delivery Requests to «Customer Name» via a mutually agreed upon delivery method as determined by the parties.

5.9.5.2 **Updates to Preschedule Values**

Using the same criteria as set forth in section 5.9.5.1, BPA

shall revise «Customer Name»’s Customer Inputs, and submit to «Customer Name» its revised Delivery Requests, as needed to reflect BPA’s latest estimated generation, inflow and BOS Base values [timing to be determined by BPA]

[Note: Timing to be determined by BPA, timing of decision unknown ]

5.9.5.3 **Submission of Electronic Tags**

«Customer Name» shall submit electronic tags to Power Services on day ahead timeframe, pursuant to Exhibit F, which shall indicate energy amounts equal to «Customer Name»’s hourly Delivery Requests established under this section 5.9.5.

(1) If energy amounts indicated on «Customer Name»’s electronic tags are greater than its hourly Delivery Requests, then «Customer Name» shall receive the electronic tag amounts and shall incur additional charges or penalty charges as established in the Wholesale Power Rate Schedules and GRSPs, including the Unauthorized Increase Charge, or its successor, for the energy that is in excess of the Slice Output Energy amount.

(2) If energy amounts indicated on «Customer Name»’s electronic tags are less than its hourly Delivery Requests, then «Customer Name» shall receive the electronic tag amounts and shallforfeit the remaining Slice Output Energy amount.

[Note: BPA will need to revise this section to address settlement of Slice in Day Ahead Market.]

5.9.5.4 **Delivery Limit Penalties**

Except as described in section 5.9.5.3, Delivery Limit penalties established in Exhibit N shall not be assessed for the first 90 days that the circumstances described in this section 5.9.5 are in effect.

5.11 **SCA Development Schedule**

BPA shall provide «Customer Name» with a SCA development schedule at the time this Agreement is offered for execution. «Customer Name» and BPA understand and agree that: (1) the timelines specified in the SCA development schedule are not binding and are for preliminary planning purposes only, and (2) the timelines set forth in this section 5 are binding. BPA, «Customer Name», and other members of the SIG shall discuss the requirements and status of the various tasks identified in the SCA development schedule.

5.12 **Slice Implementation Group**

5.12.1 **Definitions**

5.12.1.1 “Majority” means at least 51 percent of the Slice Implementation Group (SIG) members (or their alternates) present at a meeting of the SIG at which a Quorum has been established (counting only one representative for each Slice Customer and for BPA, even if both the SIG member and the alternate SIG member are present).

5.12.1.2 “Quorum” means the BPA SIG member and at least 60 percent of all Slice Customer SIG members (provided that if an alternate SIG member is present at a SIG meeting and the corresponding SIG member is not, the alternate SIG member shall be counted for purposes of determining a Quorum).

5.12.1.3 “Super Majority” means at least 66 percent of the Slice Customer SIG members (or their alternates) present at a meeting of the SIG at which a Quorum has been established (counting only one representative for each Slice Customer, even if both the SIG member and the alternate SIG member are present).

5.12.2 **SIG Roles and Responsibilities**

5.12.2.1 The Parties anticipate that implementation issues will arise regarding the Slice Product or the SCA, and that a forum is needed for discussing alternatives and taking actions that may affect BPA and the Slice Customers. The SIG shall: (1) consider, establish and document modifications to the SCA necessary to maintain its reasonable representation of the Tier 1 System Resources energy, peaking, storage, and ramping capability; (2) consider, establish and document modifications to the SCA necessary for «Customer Name» and other Slice Customers to schedule Slice Output Energyunder this Agreement; and (3) establish a clearinghouse for information regarding the Slice Product and the SCA. The SIG shall be constrained to discussion of the Slice Product and its implementation in the SCA under the terms of this Agreement. The SIG shall not be used to discuss product design or contract provisions applicable to future BPA power sales agreements.

5.12.2.2 BPA and «Customer Name» shall each appoint a SIG member and an alternate SIG member to attend SIG meetings. Appointment of a SIG member and an alternate SIG member shall initially be made in writing submitted to BPA and all other Slice Customers, and thereafter to the SIG chairperson. The Slice Customer SIG members shall elect a SIG chairperson each year who shall conduct SIG meetings. Any SIG meeting may be conducted virtually. Any action of the SIG, except as otherwise provided herein, shall be made by Majority vote of the SIG members (or any alternates acting in the absence of SIG members) attending the SIG meeting in person or virutally. The SIG may adopt rules and procedures, including dates, times, and locations of meetings, as it deems necessary or desirable. A meeting may be called by any SIG member or alternate by providing all other SIG members and alternates with written notice at least seven calendar days in advance of such meeting, setting forth the date, location, and subject matter of such meeting. The SIG shall meet at least once during each Fiscal Year.

5.12.2.3 BPA shall have the right in its sole discretion to implement the upgrades, replacements and changes described in sections 5.12.2.3(1) through 5.12.2.3(3) only to the extent it determines such implementation is consistent with the Slice product as described in section 5.1, and only after: (1) such implementation and related testing is reviewed and discussed by the SIG; and (2) such upgrades, replacements and changes have been subjected to testing as determined by BPA to be relevant and sufficient to demonstrate that each upgrade, replacement, or change functions as intended and does not cause any other portion of the SCA to malfunction. Such implementation by BPA shall not be subject to approval by the SIG. Notwithstanding BPA’s sole discretion to implement such upgrades, replacements and changes, «Customer Name» may dispute BPA’s determination of consistency with section 5.1 regarding any such upgrades, replacements, and changes, in accordance with section 22. If as a result of a dispute resolution process such upgrade, replacement, or change is determined to be inconsistent with section 5.1, then BPA, «Customer Name», and other members of the SIG shall consult to identify modifications that make such upgrade, replacement, or change consistent with section 5.1, and BPA shall promptly implement such modifications.

(1) BPA may change, upgrade or replace the SCA as necessary to produce results that reasonably represent the energy production, peaking, storage, or ramping capability of the Tier 1 System Resources.

(2) BPA may change, upgrade or replace the SCA as necessary to maintain functionality with BPA’s internal business processes and systems.

(3) BPA may determine how Operating Constraints are translated into Simulator Parameters for application within the SCA, and in a manner that reflects in the SCA the impacts of such Operating Constraints on the Tier 1 System.

5.12.2.4 Subject to the procedures set forth below and except as otherwise provided in section 5.12.2.3, BPA or any Slice Customer may propose changes to the SCA. Any such proposal shall be made in writing and be provided to all members of the SIG. The proposal shall state the change or changes proposed, the reasons for such proposed change or changes, the expected impacts or benefits, and the time frame of implementation.

5.12.2.5 Following receipt of written notice proposing a change to the SCA pursuant to section 5.12.2.4, the SIG chairperson shall convene the SIG to discuss such proposed change(s). The SIG shall decide, using its normal rules of procedure, the type of analysis (if any) that should be performed on the proposed change(s), and, as applicable, whether the proposed change(s) shall be further considered.

5.12.2.6 After an analysis (if any) is completed and distributed to the SIG members, the SIG chairperson shall convene a meeting of the SIG to discuss the proposed change(s), and any modifications thereto. If BPA elects to submit the proposed change(s) for public comment, the SIG chairperson will postpone any vote on the proposed change(s) for up to 45 calendar days to permit BPA to conduct a public comment process.

5.12.2.7 At a meeting of the SIG, the SIG chairperson shall put to a vote the question of whether the proposed change(s) should be recommended for implementation. If a Majority of the SIG members vote in favor of implementing the proposed change(s), then the proposed change(s) will be implemented by BPA unless:

(1) the BPA SIG member opposes the proposed change(s), in which case the proposed change(s) shall not be adopted, and the SCA shall not be revised; or

(2) the BPA SIG member approves the proposed change(s), and one or more Slice Customer SIG members who voted against the implementation of the proposed change(s) request in writing to all SIG members, within 10 calendar days of the Majority vote approving such implementation, a second vote by all Slice Customer SIG members on the question of whether the proposed change(s) should be implemented. In this event, implementation shall be deferred until such second vote is taken. Such second vote shall be taken within 20 calendar days of the date of such Majority vote. If a Super Majority of the Slice Customer SIG members affirm the proposal under such second vote to implement the proposed change(s), then the proposed change(s) will be implemented. If a Super Majority of the Slice Customer SIG members does not affirm under such second vote to implement the proposed change(s), then the proposed change(s) will not be implemented.

5.13 **Creditworthiness**

«Customer Name» shall execute a Creditworthiness Agreement with BPA prior to or coincident with execution of this Agreement.

5.14 **Slice** **True-Up Adjustment Charge**

5.14.1 BPA shall calculate a Slice True-Up Adjustment Charge annually pursuant to section 2.8.5 of the PRDM.

5.14.2 BPA shall compute interest and such interest to the Slice True‑Up Adjustment Charge using the daily interest rate. The daily interest rate shall be the Prime Rate (as reported in the Wall Street Journal or successor publication in the first issue of the Fiscal Year in which the Slice True-Up Adjustment Charge is calculated), divided by 365. The daily interest rate will be fixed on the first day of the Fiscal Year in which the applicable Slice True-Up Adjustment Charge is calculated for the time periods specified under section 5.14.3.

5.14.3 Interest determined pursuant to section 5.14.2 shall be computed and added to the Slice True-Up Adjustment Charge for «Customer Name» for the time periods defined as follows:

(1) If the Slice True-Up Adjustment Charge is a credit to «Customer Name», then the period for interest computation will begin with the first day of the Fiscal Year in which the Slice True-Up Adjustment Charge is calculated, and will end on the due date of the bill that contains such credit.

(2) If the Slice True-Up Adjustment Charge is a charge payable to BPA, then the period for interest computation will begin with the first day of the Fiscal Year in which the Slice True-Up Adjustment Charge is calculated, and will end, with regard to the portion to be paid, on the due date for each of the three monthly bills in which the Slice True-Up Adjustment Charge appears. If «Customer Name» elects to pay the charge in one month, then «Customer Name» shall notify BPA in writing and the period for interest computation will begin with the first day of the Fiscal Year in which the Slice True-Up Adjustment Charge is calculated and will end on the due date for the next monthly bill issued following the day such Slice True-Up Adjustment Change is calculated.

(3) If a creditor chargecontained in a Slice True-Up Adjustment Charge is subject to dispute resolution pursuant toAttachment A of the PRDM or has been reserved for final disposition in the next 7(i) Process, all pursuant to the PRDM, and if there is an adjustment to such creditor chargeas a result thereof, then the period for the interest calculation shall beginon the first day of the Fiscal Year in which the disputed Slice True-Up Adjustment Charge was calculated and will end as specified in section 5.14.3 subsection (1) or (2) depending upon whether the adjustment is a credit or a charge.