

BPA's Service and Rate Offering in FY 2012-2014 and FY 2015-2019

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Areas Covered in Today's Presentation



- **Above-Rate Period High Water Mark (RHWM) Options in the First and Second Purchase Periods**
- **FY 2012-14 and FY 2015-19 Tier 2 Rate Prospectus**
- **FY 2012-14 Tier 2 Rate Elections**
- **Progress Towards Meeting FY 2012-14 Tier 2 Rate Load Obligations**
- **FY 2012-14 and FY 2015-19 Resource Support Service (RSS) Prospectus**
- **FY 2012-14 RSS Elections**

Above-Rate Period High Water Mark Options in the First Purchase Period

- **Customers have three options for serving Above-RHWM Load:**
 - **Non-Federal Resource (Specified or Unspecified)**
 - **BPA *Flat Block* Purchase at a Tier 2 rate**
 - **Combination of the two**

- **On Nov. 1, 2009, customers made their elections for how they will serve their Above-RHWM Load during the FY 2012-2014 purchase period. The FY 2012-2013 Above-RHWM Load amounts were established before these elections in May 2009. The FY 2014 Above-RHWM Load amounts will be established prior to the start of WP-14 during the RHWM Process.**

- **The table below illustrates the timeline for future elections.**

Notice Deadline		Purchase Period
November 1, 2009	for	FY 2012 – FY 2014
September 30, 2011	for	FY 2015 – FY 2019
September 30, 2016	for	FY 2020 – FY 2024
September 30, 2021	for	FY 2025 – FY 2028

Above-Rate Period High Water Mark Options in the Second Purchase Period

- **Customers have three options for serving Above-RHWM Load:**
 - **Non-Federal Resource (Specified or Unspecified)**
 - **BPA *Flat Block* Purchase at a Tier 2 rate**
 - **Combination of the two**

- **By Sept. 30, 2011, customers must elect how they will serve their Above-RHWM Load during the FY 2015-2019 purchase period. Unlike the last election deadline, Above-RHWM Load amounts will not be known until just prior to future rate cases. Estimates will be provided to customers prior to the notice deadline for planning purposes.**

- **The table to the below illustrates the timeline for future elections**

Notice Deadline		Purchase Period
November 1, 2009	for	FY 2012 – FY 2014
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Background on the Tier 2 Rate Alternatives

- **Tier 2 rates will be established in the 7(i) processes.**
- **Tier 2 rate alternatives will be based on the cost of providing a flat annual block of power.**
- **Pricing of power provided at a Tier 2 rate is based on the forecast and actual costs of BPA purchases and resource acquisitions to serve this load.**
- **Other cost components that may be included in Tier 2 rates:**
 - **BPA Overhead Costs – associated with power provided at Tier 2 Rates**
 - **Resource Support Services (RSS) – for the cost of RSS products needed to convert a resource/purchase into a flat block of energy**
 - **Additional costs, as appropriate, including risk-related costs, transmission costs, Balancing Authority costs for within-hour balancing, fuel adjustment adders, etc.**

FY 2012-14 and FY 2015-19 Tier 2 Rate Prospectus

Tier 2 Alternative (Customer commitment)	Availability	Potential Resources Allocated to Tier 2 Rate Pool <i>(Will evolve over time subject to our load/resource balance deficit and as we get more information about available resources and customer needs)</i>	RECs Provided?
Load Growth (17 years: <i>FY 2012-2028</i> 14 years: <i>FY 2015-2028)</i>	Load Following customers	A mix of short & long term purchases (in no particular order, examples could include Market Purchases, Renewables, CCCT, Waste Energy Gen, etc). Resource selection primarily driven by lowest life cycle cost.	Potential that some level of RECs could be provided over the course of the contract.
Short-Term (3 years: <i>FY 2012-2014</i> 5 years: <i>FY 2015-2019)</i>	Load Following and Slice/Block customers. Slice/Block customers must commit to defined amounts when making their elections every year of the Purchase Period.	Short-Term market purchases (5 years or less in duration). Purchases driven by lowest cost market opportunities.	Unlikely
Vintage (up to 17 yrs)	Any purchaser with an amount of Short-Term service; however, none was offered for the Nov. 1 deadline because there was not sufficient customer interest to warrant one. BPA will be surveying customers to see if there is interest in a Vintage rate for FY 2014.	Based on customer interest. (In no particular order: Wind, Geothermal, Solar, Waste Energy Generation, CCCT, Market Purchase). Resource selection driven by targeted resource, lowest life cycle cost, and overall BPA load/resource balance deficit.	Yes, for most renewable-based rate alternatives.

FY 2012-14 Tier 2 Rate and Above-RHWM Elections

Note: 103 Load Following customers and 17 Slice/Block customers	FY 2012	FY 2013	FY 2014 (load amounts below are estimates)
Load Following Customer Above-RHWM Load Amounts (in aMW)			
Tier 2 Load Growth Rate (41 customers)	0.0	2.7 (2 customers)	6.6 (4 customers)
Tier 2 Short-term Rate (49 customers)	21.1 (6 customers)	53.9 (10 customers)	39.0 (14 customers)
Non-Federal Resources (13 customers with 0 Tier 2)	14.4 (11 customers)	25.9 (11 customers)	80.0 (11 customers)
Slice/Block Customers Above-RHWM Load Amounts (in aMW)			
Tier 2 Short-term Rate	-	-	2.0 (2 customers)
Non-Federal Resources	102.7	174.3	242.7
Total Above-RHWM Load Amounts (in aMW)			
Total Tier 2 Rate Service	21.1 (15% of Total AHWML)	56.6 (21% of Total AHWML)	47.6 (12% of Total AHWML)
Total Non-Federal Resources	117.1 (81% of Total AHWML)	200.2 (74% of Total AHWML)	322.6 (84% of Total AHWML)
Total Above-RHWM Load	144	269	385

Progress Towards Meeting FY 2012-14 Tier 2 Rate Load Obligations

- **BPA has made three purchases to cover its Tier 2 load obligations for FY 2012-13. Two were made in April 2010 and one was made in May 2010.**
 - **The first was a 12-month flat block market purchase of 22 aMW to serve our entire 2012 Tier 2 Rate service obligation. The price paid for this power was between \$42 & \$47/MWh.**
 - **A second 12-month flat block market purchase of 33 aMW was made to serve part of our 2013 Tier 2 Rate service obligation. The price paid for this power was between \$45 & \$50/MWh.**
 - **A third 12-month flat block market purchase of 25 aMW and was made to serve the final piece of our 2013 Tier 2 Rate service obligation. The price paid for this power was between \$44 & \$49/MWh.**
- **Due to FERC requirements and Western Systems Power Pool confidentiality requirements with counterparties, BPA cannot share the exact purchase price amounts until 30 days after the end of each quarter (July 30, 2010).**
- **BPA does not intend to make purchases for FY 2014 Short-term and Load Growth rate cost pools until there is more load obligation certainty.**

FY 2012-14 and FY 2015-19 Resource Support Services Prospectus

- **RSS are the set of products BPA Power Services is offering its customers to help them apply intermittent and non-dispatchable resources to load, in lieu of them delivering their resources in a known, prescribed hourly resource shape.**
- **The services are available for Load Following customers' existing Specified Resources greater than 3 MW nameplate and new Specified Resources greater than 1 MW nameplate. The applicable services for Slice/Block customers are only available for their new, renewable Specified Resources.**
- **Generally customers must commit to purchase RSS from BPA by the Notice Deadlines below for the corresponding Purchase Period.**

<u>Notice Deadline</u>		<u>Purchase Period</u>
November 1, 2009	for	FY 2012 – FY 2014
September 30, 2011	for	FY 2015 – FY 2019
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- **In recognition that resource development may not always comport with the timelines above, customers can come in by October 31 of a Rate Case Year (11 months before a Rate Period) and request to purchase RSS from BPA for the remainder of the current Purchase Period and the following Purchase Period.**

FY 2012-14 and FY 2015-19 Resource Support Services Prospectus

- **Diurnal Flattening Service (DFS)** – a service that makes a resource that is variable or intermittent, or that portion of such resource that is variable or intermittent, equivalent to a resource that is flat within each Monthly/Diurnal period. DFS is combined with the Resource Shaping Charge to benchmark against a flat annual block of power.
- **Forced Outage Reserves Service (FORS)** – a service that provides an agreed-to amount of capacity and energy to load during forced outages of a qualifying resource.
- **Secondary Crediting Service (SCS)** – a service that provides a monetary credit for the secondary output from an Existing Resource that has a firm critical energy component and a secondary energy component. This is primarily intended to replace the Service and Exchange arrangement currently in place for several Load Following customers.
- **Resource Remarketing Service (RRS)** – will be offered through the Firm Power Products and Services (FPS) rate schedule and will be considered and negotiated on a case-by-case basis. It is not an RSS per se but is a related product. BPA will give credits to customers for the additional amount of resource generation over their Above-RHWM load amount until their load growth catches up to the size of the resources purchased. RRS is designed to help customers manage the “lumpiness” of acquiring resources that are larger than their Above-RHWM load.

FY 2012-14 Resource Support Services Elections

- **The following is an overview of the Resource Support Service (RSS) products customers elected to purchase from BPA to support specified resources that will be used for the first Purchase Period (FY 2012-2014). Total aMW of non-Federal resources for which BPA will be providing RSS under each product are approximate.**

- **Diurnal Flattening Service (DFS) and Forced Outage Reserve Service (FORS):**
 - **BPA will be providing DFS and/or FORS for four non-Federal resources, including one wind project, three biogas projects, and one hydro project.**
 - **BPA is providing DFS for one non-Federal resource (just under 1 aMW).**
 - **BPA is providing DFS and FORS for four non-Federal resources (about 6 aMW).**

- **Secondary Crediting Service (SCS):**
 - **Option 1: BPA is providing SCS under Option 1 for four existing shares of non-Federal hydro resources (about 10 aMW).**
 - **Option 2: BPA is providing SCS under Option 2 for three non-Federal hydro resources (just over 3 aMW).**

Additional Information

Timeline –

- **July-August: workshops to refine BPA's Tier 2 and RSS initial WP-12 pricing proposal**
- **Fall 2010-Summer 2011: BPA Power and Transmission rate case for FY 2012-13**
- **September 30, 2011: Notice Deadline for second purchase period Above-RHMW Load service, Tier 2 rate service, and RSS in FY 2015-19 period**

Additional Resource – The Regional Dialogue Product Guidebook, revised 6/4/10

http://www.bpa.gov/power/PL/RegionalDialogue/Implementation/Documents/2010/2010-06-04_RDproductsratesguidebook_Revised.pdf