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NEWS RELEASE:
Low-cost electricity goes to market

Bonneville Power Administration

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Note: Many documents related to this news release and BPA's Subscription Strategy can be found on the [Subscription home page](#).

PORTLAND, Ore. – The Bonneville Power Administration today unveiled its [strategy for selling wholesale electricity in the 21st century](#). It is designed to hold electricity bills down for millions of Northwest ratepayers.

BPA aims to maintain its primary wholesale rate at or about the 1996 level through 2006. The agency will put more than 6,000 average megawatts on the block – enough power to serve six cities the size of Seattle. BPA's customers meld this power with supplies they purchase on the market, thereby reducing the cost to their customers. BPA's sales strategy spreads the economic benefit among small consumers region-wide.

"We will sell power at cost and substantially below market, preserving the low rates historically enjoyed by Northwest residents and businesses," said BPA Administrator Judi Johansen. BPA will begin a rate-setting process early next year, to be completed next October.

The sales will commence in 2001. The marketing strategy is the outgrowth of an 18-month public process initiated by the governors of Washington, Oregon, Idaho and Montana under their Comprehensive Review of the Northwest Energy System. The strategy, which BPA proposed in September, was revised after extensive public comment. It contains the following key components:

- Meeting the requirements placed on BPA by preference customers – the public agencies and consumer-owned utilities who by law have first call on federal power.
- Selling 1,800 average megawatts for five years to investor-owned utilities for use by their small farm and residential customers. That's an increase of 300 average megawatts compared to the original proposal. Utilities can purchase up to 2,200 average megawatts for 10 years. BPA may substitute the equivalent value in dollars for some of the power.
- In addition to meeting these commitments to preference customers and investor-owned utilities, BPA expects to be able to serve the loads its direct-service industrial customers place on it.

- To customers that invest in conservation and renewable resources, a discount on wholesale power of 50 cents per megawatt hour, up to a system-wide total of \$30 million, and more if BPA's financial performance is very strong.
- Measures that ensure payments to the U.S. Treasury are made on schedule. The measures include a temporary power cost adjustment and other methods if needed.
- Collection of sufficient revenues to meet the [fish and wildlife funding principles](#) issued by Vice President Al Gore in September.
- Rate incentives and contract terms that encourage customers to sign contracts for three, five and/or 10 years as a means of ensuring that all of the agreements don't expire simultaneously at the end of the five-year rate period.

"No one can predict precisely what the economic conditions will be – what market price and demand for power will prevail in coming years," Johansen said. "So we have built flexibility into our sales strategy to respond prudently, whatever occurs."

Johansen said BPA may choose to augment its power supply to a limited extent, if necessary to fulfill subscription requests and if economical purchases are available in the market for the 2001 to 2006 period. Customers may sign power purchase contracts beginning early next year and until four months after BPA establishes its rates.

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