

**Bonneville Power Administration
Regional Dialogue Technical Group
Summary of November 21, 2005 Meeting**

Kevin Clark (Seattle City Light) presented a proposal for Net Requirements and Resource Removal. This proposal included five options for load treatment. Following a series of clarifying questions, BPA staff indicated that they would need to follow up on this issue at a later date after further discussions.

Kevin O'Meara (PPC) provided a quick update on topics discussed at the customer meeting the morning of Friday, Nov. 18. Topics included: cost separation (allocation of costs to Tier 2), and treatment of exchanging publics.

See below for the following handouts distributed at the meeting:

- Net Requirement Calculation and Resource Removal
[Note: This handout was originally posted on BPA's web site as a Word document on November 21, 2005. It was later converted to PDF without any changes to the content of the document.]

Title of Document: **Net Requirement Calculation and Resource Removal**

Author / Submitter (Organization): **Kevin Clark (Seattle)**

Date document created or revised: **November 21, 2005**

For meeting on (date): **November 21, 2005**

Note: all of these items affect only the amount of BPA power actually available to a customer, NOT the High Water Mark calculated based on 2002.

1. Add conservation achieved since October 1, 2001 back to load when calculating net requirement

For non-load following Regional Dialogue contracts, the total retail load of the utility would be increased by the amount of conservation achieved by the utility. (There should be comparable treatment for load-following contracts). For the first net requirement determination for FY2012 under the Regional Dialogue contracts, the conservation achieved during FY2002 through the date of the determination plus conservation forecasted to be achieved through FY2011 would be added to the 2012 load forecast. For the 2013 net requirement determinations, the forecasted amount will be replaced with actual for that period. For each subsequent year of the Regional Dialogue contracts, the conservation achieved during the preceding year also would be added to the load forecast.

2. Reasonableness of load forecast could be arbitrated.

The load forecast of the net requirement determination (including the conservation adjustment described above) would be subject to a standard of reasonableness. If both BPA and the utility prepare a load forecast and cannot agree on which should be used, the issue of which forecast is more reasonable would be determined using baseball style, binding arbitration before a neutral third party. If BPA prepares the only forecast and the utility does not agree with it, the utility can contest the reasonableness of the BPA load forecast through binding arbitration before a neutral third party.

3. Reasonableness of non-federal resource declarations could be arbitrated.

The non-federal resources used in the net requirement determination would be those contained in section 2 of Exhibit C of the Subscription Contracts (minus any resources the utility documents to BPA it no longer has). The annual firm energy amount of hydro resources would be based on a recurrence of the single water year of record that produces (in aggregate across all basins in which the utility has resources) the least amount of firm output for all such resources. If BPA and the utility cannot agree on a resource declaration, it would be subject to binding arbitration before a neutral third party, as described for the load forecast.

4. Resource removal for load loss during Regional Dialogue contracts.

Each year during the term of the Regional Dialogue contracts, utilities would be permitted to remove from retail load service non-federal resources up to fifteen percent (15%) of their high water mark in order to maintain the level of their net requirement on BPA. Sales from such removed resources would be subject to BPA's 5(b)/9(c) policy.

5. Annual vs. Rate Period

To reduce administrative costs and increase predictability the net requirement calculations should be performed before each rate case instead of every year.