

Slice Product Review Issue Paper
Draft, Pre-Decisional

TOPIC: Net Requirements

ISSUE: How does BPA maintain the ability to meet the total regional Requirements load obligation when a subset of that customer group has long-term rights (under Slice) to energy that is potentially surplus to their own Requirements load?

Secondary issue: Because the Slice contract is intended for Requirements service, it must include a demonstrable and measurable standard for customers' use of Slice energy to meet their net requirements load, including a mechanism whereby the customers share the information needed to perform the task.

PBL CONCERN: BPA has surplus to sell only after it has met the total of its load obligations to all of its customers. Slice customers may receive surplus energy when BPA has other load obligations to meet. This advance sale of surplus may require BPA to purchase to meet peak load of other customers. The advance sale of surplus may be inconsistent with section 5(f) of the NW Power Act since customers receive surplus independent of BPA's total load obligation. BPA has been unable to measure the use of the power taken by the Slice customers for their load. Establishing a reasonable metric of use for load, including peaking energy, is required. Also, contract provisions to effectively recall or limit sales of Slice surplus may be necessary.

SLICE CUSTOMER COMMENTS: There may be mechanisms that can be developed to separate firm and surplus rights under Slice such that PBL could limit the customers to just their firm share in certain circumstances.

NRU COMMENTS: Slice should not diminish BPA's ability to provide requirements service to the entire region, including future load growth. In the future, the system flexibility that currently exists needs to be available for serving and following net requirements load, including shaping renewables to load. This may well necessitate a new approach to the determination of net requirements that includes capacity, with the ability to assure that capacity is appropriately deployed on both a planning and operating basis. How the net requirements are determined is an issue that may need to be addressed in the regional dialogue. But it is particularly critical to the future of slice, since that product is one of the places a commitment of system flexibility could be made that could impact later ability to serve net requirements load (another example would be the renewal of capacity sales by BPA).

IDEAS TO CONSIDER FOR A FUTURE SLICE PRODUCT:

All ideas assume BPA's Concept-Paper alternative of no removal of customers' non-federal resources is adopted. All ideas also assume the establishment of a measurement of customers' use of Slice deliveries for their firm energy and peaking Requirements load.

Idea 1: Develop a mechanism for recalling Slice excess Requirements energy for use in meeting other customers' firm energy and peaking load (compatible with product options 2, 3 and 4).

Idea 2: Separate the Slice surplus component and apply specific limitations on its sale with a right to terminate the Slice product and convert it into a fallback requirements product based on a specific factual finding. (compatible with product options 2 and 3).

Idea 3: Offer a requirements product without a surplus component that addresses load uncertainty as an alternative to the Slice product (compatible with product option 1).