

Product Concepts for Option 2

Draft, Pre-Decisional

Proposed Principles for Post-2011 Slice Product:

1. There are no unintended shifts of costs, risks or benefits between power products, and all power products bear a share of the costs and risks.
2. There is no risk or cost shift to Federal taxpayers.
3. Slice purchasers bear an allocation of FCRPS costs and risks and receive an allocation of resource capability either in power deliveries or a share of BPA PBL capability revenues.
4. To the maximum extent possible, the rate adjustment mechanisms for common cost components in the Slice and other PF power products are the same.
5. FCRPS operating decisions are solely Federal decisions and there will be no interference in those decisions.
6. Estimates of FCRPS capability after reducing such capability for specified System Obligations (e.g., resource integration to serve requirements load, including facilitation of new renewables, and maintaining system reliability) determine Slice system energy for pre-schedule.
7. FCRPS operating decisions establishing actual system configuration will determine Slice schedule limits and associated scheduling flexibilities, if any, available to Slice purchasers after pre-schedule.
8. Within-hour services will not be provided from the Slice product but rather procured by Slice customers either from BPA TBL or others.
9. Power product offerings will assume no change in Federal law.
10. FCRPS capability for integration of resources serving requirements load, including facilitation of new renewables, is a System Obligation that will be share equitably with all requirements customers.

Post-2011 Proposed Slice Principles that are Supported	Option 2 - Similar quantity, modestly scaled back flexibility from "PBL Product Options Outline.doc"	Refined PBL Option 2 Product (Conceptual Basis)
#1, #3, #6, #7, #8	Product is defined as an energy product, with hourly shaping rights <ul style="list-style-type: none"> • Peaking Capability is defined in terms of sustainable energy over a specified time period • Capacity component is equal to energy request • No surplus capacity available for Self-Supply of OR or EI • No Dynamic Scheduling rights 	Product is defined as a sale of Requirements and surplus power indexed to the variable FCRPS energy and storage capability, within defined delivery limits. <ul style="list-style-type: none"> • Slice is not a transfer of resource ownership, control, or capability • Maximum delivery limits will be defined in terms of sustainable energy over a specified time period

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	<ul style="list-style-type: none"> Sharing of revenue from IOS services (compensation through revenue credits) 	<ul style="list-style-type: none"> Hourly energy requests will be accommodated Within-hour products will not be available in the Slice product PBL revenue from IOS services and other within-hour products will be shared with Slice purchasers
#1	Timing of real-time change rights will be based on the then-current scheduling practices	Timing of real-time change rights will be based on the then-current scheduling practices.
#1, #6, #10	Off-the-top is unchanged with the possible exception of Re-dispatch, which will need to be addressed (unclear at this time)	Off-the-top obligations that reduce the amount of FCRPS output provided in the slice system will include System Obligations similar to the existing contract, plus obligations that pertain to regional reliability, regional requirements, and prudent system operation (such as resource integration, re-dispatch and operational uncertainty).
#1, #6, #7	Storage system and dispatchable projects may be simplified	<p>The Slice storage system will represent only those projects with significant and accessible storage flexibility.</p> <p>Projects deemed dispatchable will include only those projects that have significant and accessible on-demand operating flexibility.</p>
#1, #3, #5, #6, #7	<p>Different consideration for preschedule and real-time system limits</p> <ul style="list-style-type: none"> Preschedule limits will be based on expected system capability Real-time limits will be based on actual system configuration 	<p>Different consideration for preschedule and real-time system limits:</p> <p>PBL will establish preschedule and day-ahead Slice limits based on computer modeling of forecasted stream flows, forecasted project operational constraints, forecasted off-the-top obligations, and the range expected system operating limits (daily min and max).</p> <p>Real-time Slice limits will be updated at specified intervals and through automated processes to reflect expected stream flows, actual system configuration, actual project operational constraints, actual off-the-top System Obligations. the range of expected</p>

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		system operating limits (daily min and max), and prudent utility practices as determined by the PBL hydro scheduler.
#1, #5, #3, #7	Operational risk sharing / Real-time limit changes <ul style="list-style-type: none"> Real-time limits will be updated on a regular basis as defined by the PBL real-time operator 	See Above: Operational risk is shared appropriately to the extent Slice limits represent actual prudent operating criteria.
#1, #3	Constraint Schedule Management / Re-dispatch <ul style="list-style-type: none"> Operational impacts will be shared proportionally between PBL and the customers (unclear at this time) 	Constraint Schedule Management / Re-dispatch: Operational impacts will be shared proportionally between PBL and the Slice customers (unclear at this time)
#3, #6	Resource Integration will be supported by this product to the extent system limits allow	Use of the product by Slice customers for resource integration will be supported to the extent system limits allow.
#3		PBL revenues associated with off-the-top obligations will be shared with Slice customers.
#3		PBL will offer a quantity of Slice similar to 2001-2011 Slice product.
#1, #2, #3, #6, #7		Measurables will be developed that enable PBL to monitor and assess (1), the success of the Slice product in relation to the product principles, (2), the accuracy of Slice limits verses actual system limits, (3), the use of Slice energy to meet Requirements load, and (4), risk mitigation (others?).
#1, #2, #3		Monetary penalties will be applied to violations of Slice operating limits.