FactSheet

October 2009

Contract High Water Mark development

In September 2009, BPA completed its Tiered Rate Methodology supplemental rate case and issued both a record of decision and an updated Tiered Rate Methodology.

The supplemental rate case primarily addressed customer-driven concerns about the potential impact of the economic downturn on each customer's Contract High Water Mark.

The changes to the methodology for calculating the CHWM were made because many customers were concerned they would be harmed if their CHWM were based on their actual FY 2010 loads, as was the original method. They felt that relying solely on the FY 2010 loads for the calculation might result in a CHWM that didn't reflect their true load levels because their local economies would likely not have recovered and their loads, therefore, would be artificially low.

During the Tiered Rate Methodology supplemental rate case, customers presented several approaches for compensating for what many expect to be temporary load losses. Out of the discussions came the idea of "provisional loads."

What is a provisional load?

Utilities that believe their FY 2010 actual load will be lower than it would be under normal economic circumstances may be able to supplement their actual FY 2010 loads used in the CHWM calculation. This supplemental load is called a provisional load because the increase in load will result in a permanent increase to the customer's CHWM only to the extent that the load returns to the customer before FY 2014.

The impact of the provisional load option will vary greatly among customers. Many customers will find that their FY 2010 loads have not been significantly distorted by the economy so the provisional load option will be irrelevant to them. Customers whose FY 2010 loads are significantly distorted by the economy will have two calculation methods to choose from to determine a provisional load adjustment. Which method a utility chooses will depend on its circumstances.

Adjustment Path 1: reduction of specific consumer loads

This approach looks at the impact of loss of specific large loads in a customer's service territory. For a utility to be able to add a provisional load amount to its measured FY 2010 load, a single consumer's load must be reduced in an amount that reduces the utility's measured FY 2010 load by the smaller of either 5 average megawatts or 10 percent. The reduced consumer load will be compared against their utility's load over the 2007, 2008 and 2009 fiscal years to determine the provisional load adjustment. A separate adjustment is also provided for multiple consumer load reductions resulting from a discrete catastrophic event.

Adjustment Path 2: general system load reduction

This approach looks at general load loss caused by the economic downturn. Under this approach, a utility could receive a provisional load adjustment if its measured FY 2010 load is lower than the average of its adjusted FY 2007 and FY 2008 loads.

Why worry about this now?

It is more than a year until a utility will know its measured FY 2010 load so it may seem premature to worry about provisional loads, but it is important that customers work on the details now.

Work is currently under way that will affect a utility's CHWM as well as a utility's potential for a provisional load amount. BPA is finalizing the weather normalization methodology that will be used in the CHWM process and released a near-final version Sept. 24 that was based on extensive customer collaboration. The agency will publish and finalize the normalization calculation in October of this year.

Customers who know of specific large loads that are down now will want to explore whether they may want to pursue a provisional adjustment under Adjustment Path 1. In January 2010 BPA also will release preliminary information that would be used for Adjustment Path 2. That information is the raw data on utility loads that will be used to calculate each customer's FY 2007–2008 average load.

Customer involvement in the details of CHWM development and in the provisional load process will ensure that the customer is in the best position to make informed decisions and to take advantage of appropriate adjustments in FY 2011 when the actual provisional load and CHWM calculations are made.

Timeline

Calendar year 2010

Jan. 15	FY 2007 and 2008 raw total retail load data released for verification with customers.
March 16	BPA issues adjusted (weather normalized and conservation adjusted) FY 2007 and FY 2008 load data for verification.
March 31	Deadline for customers to provide all necessary data to determine a provisional load adjustment under Path 2.
Sept. 30	BPA publishes customers' final adjusted FY 2007–08 load data.

Calendar year 2011

Jan. 31	Deadline for customers to provide all necessary data to determine a provisional load adjustment under Path 1.
February	BPA publishes adjusted FY 2010 load data and customers' available provisional load under Adjustment Path 2.
March	BPA publishes FY 2010 load data and customers' available provisional load under Adjustment Path 1.
April	Following publication of data for the adjustment paths, customers notify BPA under which adjustment path their provisional load will be calculated.
June	BPA publishes CHWMs for public review.
July	BPA publishes final CHWMs.