

CON-035

Larson, Cheryl A - PS-6

From: Burbank, Nita M - PFP-6
Sent: Tuesday, June 17, 2008 4:59 PM
To: Bliven, Raymond D - PFR-6; Cherry, Diane - PFP-6; Cooper, Suzanne B - PF-6; Wilson, Scott K - PS-6; Gendron, Mark O - PS-6; Parker, Nancy - PFR-6; Burger, Peter J - LP-7; Swain, Martha C - PFR-6; Farleigh, Kevin S - PSS-6; Traetow, Emily G - PSS-6
Cc: Olive, J Courtney - LP-7; Mason, Kelly J - PSS-6; Latham, Dale S - PSS-6; Malin, Debra J - PTL-5; Larson, Cheryl A - PS-6; Chalier, Annick E - PFP-6
Subject: FW: proposed contract language re: Tier 2 rates, environmental attributes
Attachments: proposed contract language RECs carbon 061708.doc

From: mesnru@gmail.com [mailto:mesnru@gmail.com] **On Behalf Of** Megan Stratman
Sent: Tuesday, June 17, 2008 4:52 PM
To: Chalier, Annick E - PFP-6; Burbank, Nita M - PFP-6
Cc: Geoff Carr; Susan K. Ackerman; John Saven; Megan Stratman
Subject: proposed contract language re: Tier 2 rates, environmental attributes

Attached is NRU's proposed contract language for Tier 2 rate alternatives and environmental attributes. The highlighted sections indicate the revised sections; note that Exhibit H and RSS sections are completely revised.

Thanks,

Megan Stratman

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6/18/2008

PROPOSED CHANGES TO EXHIBIT H, RECS AND CARBON ATTRIBUTUES

6. RECS FROM RESOURCES SERVING TIER 2 RATE ALTERNATIVES

BPA shall transfer the RECs from resources serving Tier 2 rate alternatives to purchasers of such Tier 2 rates. RECs from each Tier 2 rate alternative resource pool shall be transferred to purchasers of that rate on a pro rata basis.

6.1 «CUSTOMER NAME»'S SHARE OF TIER 2 RECS *(05/14/08 Version)*

Beginning April 15, 2012, and by April 15 every year thereafter over the duration of this Agreement, BPA shall:

6.1.1 transfer to «Customer Name», at no additional charge or premium, a pro rata share of RECs from each applicable Tier 2 rate alternative(s) purchased by «Customer Name» based on «Customer Name»'s purchase amount from each applicable Tier 2 rate divided by the total amount of purchases from each corresponding Tier 2 rate; and,

6.1.2 provide «Customer Name» a letter assigning title of such Tier 2 RECs to «Customer Name».

Any Tier 2 RECs BPA provides to «Customer Name» on April 15, 2012, shall be limited to those generated October 1, 2011, through December 31, 2011. Thereafter, any Tier 2 RECs BPA provides to «Customer Name» on April 15 shall be limited to those generated January 1 through December 31 of the previous year.

6.2 TRANSFER, TRACKING, AND MANAGEMENT OF TIER 2 RECS

(05/14/08 Version)

Subject to BPA's determination that the commercial renewable energy tracking system Western Renewable Energy Generation Information System (WREGIS) is adequate as a tracking system, BPA shall transfer «Customer Name»'s share of Tier 2 RECs to «Customer Name» via WREGIS. If BPA determines that WREGIS is not adequate as a tracking system, then BPA may change commercial tracking systems with one year advance notice to «Customer Name». In such case, the parties shall establish a comparable process for BPA to provide «Customer Name» its share of Tier 2 RECs.

Starting on July 15, 2011, and by July 15 prior to each Rate Period through the duration of this Agreement, «Customer Name» shall notify BPA which one of the following three options it chooses for the transfer and management of «Customer Name»'s share of Tier 2 RECs for each upcoming Rate Period:

6.2.1 BPA shall transfer «Customer Name»'s share of Tier 2 RECs into «Customer Name»'s own WREGIS account, which shall be established by «Customer Name»; or

6.2.2 BPA shall transfer «Customer Name»'s share of Tier 2 RECs into a BPA-managed WREGIS subaccount. Such subaccount shall be established by BPA on «Customer Name»'s behalf, and the terms and conditions of such subaccount shall be determined by the Parties in a separate agreement.

«Customer Name» shall inform BPA prior to April 15 each year as to how it wants its Tier 2 RECs: retired or banked; or,

6.2.3 «Customer Name» shall give BPA the authority to market «Customer Name»'s share of Tier 2 RECs on «Customer Name»'s behalf. BPA shall annually credit «Customer Name» for «Customer Name»'s pro rata share of revenues generated by such sales on its April bill, issued in May.

If «Customer Name» fails to notify BPA of its Tier 2 REC election by July 15 before the start of each Rate Period, then BPA shall apply the procedures of 6.2.3 to «Customer Name»'s share of Tier 2 RECs.

7. CARBON ATTRIBUTES

In the absence of carbon regulations or legislation directly affecting BPA, BPA shall transfer any future carbon attributes associated with Tier 1 resources, including but not limited to carbon assets or credits, to «Customer Name» on a pro rata basis with all other holders of a CHWM Contract. Additionally, BPA shall transfer any future carbon attributes associated with Tier 2 resources, including but not limited to carbon assets or credits, to «Customer Name» on a pro rata basis based upon the amount purchased at each Tier 2 rate alternative.

«Customer Name» shall elect one of the two following options and notify BPA of its election by July 15 prior to each Rate Period through the duration of this Agreement:

7.1 BPA shall transfer «Customer Name»'s share of carbon attributes directly to «Customer Name», in a manner to be determined in a future rate case; or

7.2 «Customer Name» shall give BPA the authority to market «Customer Name»'s share of carbon attributes on «Customer Name»'s behalf. BPA shall annually credit «Customer Name» for «Customer Name»'s pro rata share of revenues generated by such sales on its April bill, issued in May.

If «Customer Name» fails to notify BPA of its carbon attribute election by July 15 before the start of each Rate Period, then BPA shall market «Customer Name»'s share of carbon attributes. In this instance BPA shall annually credit «Customer Name» for «Customer Name»'s pro rata share of revenues generated by such sales on «Customer Name»'s April bill issued by BPA in May.

PROPOSED CHANGES TO LOAD GROWTH RATE ALTERNATIVE

9.2.1 Tier 2 PF Load-Growth Rate

Under the Tier 2 PF Load-Growth Rate, «Customer Name» makes a one-time election to purchase Firm Requirements Power from BPA to serve some or all of «Customer Name»'s Above-RHWM Load.

9.2.1.1 Terminating Participation

«Customer Name» may end its obligation to purchase at the Tier 2 PF Load-Growth Rate if «Customer Name» notifies BPA in writing by November 1 prior the Rate Case to establish rates for Rate Period that «Customer Name» will exit the Tier 2 PF Load-Growth Rate. In such case, the change shall be effective for the upcoming and all subsequent Rate Periods. If «Customer Name» terminates its participation in the Tier 2 PF Load-Growth Rate, then «Customer Name» shall not have the right to resume purchasing at the Tier 2 PF Load-Growth Rate.

9.2.1.2 Stranded Costs

«Customer Name» will be responsible for paying any stranded costs associated with leaving the Tier 2 PF Load-Growth Rate. BPA shall provide an estimate of these costs at «Customer Name»'s request, prior to «Customer Name» giving notice under section 9.2.1.1.

3.2.3 Option 3 – Partial Tier 2 PF Load-Growth Rate

«Customer Name» shall purchase Firm Requirements Power under the Tier 2 PF Load-Growth Rate for all of «Customer Name»'s Above-RHWM Load minus the amounts stated in the table below that «Customer Name» elects are not subject to the Tier 2 PF Load-Growth Rate. «Customer Name» shall establish such amounts under the same the notification provisions for the corresponding purchase periods as defined in Section 9.1.1*. «Customer Name» may serve such amounts with Dedicated Resources or with Firm Requirements Power purchased at other Tier 2 PF rates. BPA shall update the table below by March 31, 2010.

*** 9.1.1 Notice Deadlines and Purchase Periods**

Notice Deadlines and corresponding Purchase Periods are as follows:

Notice Deadline		Purchase Period
November 1, 2009	for	FY 2012 – FY 2014
September 30, 2011	for	FY 2015 – FY 2019
September 30, 2016	for	FY 2020 – FY 2024
September 30, 2021	for	FY 2025 – FY 2028

PROPOSED CHANGES TO VINTAGE TERM TIER 2 RATE ALTERNATIVE

3.3 Tier 2 PF Vintage Rate(s)

If «Customer Name» elects Option 1 or 2 in section 3.2 above, then this section shall not apply. Otherwise:

Subject to section 3.4.2 below, «Customer Name» may purchase Firm Requirements Power from BPA at one or more Tier 2 PF Vintage Rates under the following circumstances:

3.3.1 Customers currently purchasing from the Tier 2 PF Short-Term Rate have first right of refusal to sign a Statement of Intent to purchase from a Tier 2 PF Vintage Rate;

3.3.2 If a proposed Tier 2 PF Vintage Rate is not fully subscribed to by customers currently purchasing from the Tier 2 PF Short-Term Rate, then customers currently serving above RHWM load with a non-federal resource have the option sign a Statement of Intent to purchase from a Tier 2 PF Vintage Rate.

If «Customer Name» elects to purchase Firm Requirements Power from BPA at a Tier 2 PF Vintage Rate, «Customer Name» shall sign a Statement of Intent. “Statement of Intent” means a statement by «Customer Name» that it shall purchase power at a specific rate based on the costs of a resource to be acquired by BPA for service to «Customer Name». If BPA establishes the Vintage Rate consistent with the Statement of Intent, «Customer Name» agrees to have that portion of its Tier 2 PF rate power purchase, as specified in the Statement of Intent, priced at that rate. If BPA is unable to establish the Vintage Rate, «Customer Name» agrees to continue serving its above RHWM load in the same manner.

PROPOSED CHANGES TO RESOURCE SUPPORT SERVICES

Notification to Purchase RSS

By November 1 of each Rate Case Year, «Customer Name» will provide notice that it will purchase RSS from BPA beginning in the next Rate Period.

Purchase Period

«Customer Name» will purchase RSS through the end of each Purchase Period as defined in Section 9.1.1.