

CON-046

Larson, Cheryl A - PS-6

From: Bas, JoAnn L - P-6 on behalf of Gendron, Mark O - PS-6
Sent: Tuesday, July 15, 2008 1:13 PM
To: Larson, Cheryl A - PS-6
Subject: FW: Contract templates
Attachments: Proposal for Within Contract Flexibility (2).doc

From: Michael Early [mailto:mearly@icnu.org]
Sent: Sunday, July 13, 2008 12:48 PM
To: Wilson, Scott K - PS-6; Burbank, Nita M - DKC-7
Cc: Gendron, Mark O - PS-6
Subject: Contract templates

Attached is proposed contract language that provides some flexibility for consumer-owned resources that have made the election---through their utility--- at the time of contract signing to dedicate the resource to market. This language was provided to Mark Gendron at our meeting on July 1st who asked that it be forwarded on to you. Call me if you have any questions.

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Proposal for “Within Contract” Flexibility for Consumer-Owned Resources

BPA should be indifferent to whether the consumer-owned generation is applied to load or sold to market as long as the utility’s net requirement exceeds its HWM in the rate period, i.e., the application of consumer-owned generation to load does not allow the utility to avoid its take-or-pay obligation at the HWM. This is a concern to BPA when the Tier 1 rate is above market.

When the Tier 1 rate is below market, BPA’s other public utility customers would benefit if consumer-owned generation is used against load and lowers the utility’s net requirement below its HWM, i.e., BPA can sell the power into the market for more than the Tier 1 rate.

This suggests a contract provision:

When BPA forecasts for the rate period market prices above the Tier 1 rate, then the utility (at the direction of the consumer) may apply consumer-owned generation to load in determining the utility’s net requirement for the rate period. If BPA forecasts market prices below the Tier 1 rate, then the utility (at the direction of the consumer) may apply consumer-owned generation to load, provided the utility’s net requirement is forecasted for the rate period to remain above its HWM.