

# Proposed Change to CHWM Process for Economic Anomalies

Public Workshop

May 21, 2009

Discussion Purposes Only - Deliberative and Pre-decisional

Slide 1



## Overview

- **What:** BPA will propose in an upcoming 7(i) process to change the methodology for calculating CHWMs to provide two alternative load adjustment paths to address either general or specific load loss reflected in their Measured FY 2010 Load.

The load adjustments would result in a “provisional” CHWM amount being added to the CHWM that was calculated using a customer’s Measured FY 2010 Load. If a customer did not choose one of the two paths for load loss adjustment, then the default load amount would be its Measured FY 2010 Load.

- **Why:** Due to load loss from the unforeseen economic downturn, some customers feel that their FY 2010 TRL will not be representative of their normal load service. They are concerned that they would receive a lower CHWM for the entire contract term and have a higher exposure to Tier 2 rates (or market rates if they self supply) than they would have had otherwise when load returns after FY 2010.



## Overview

- **How:** Under the proposed change, which must be approved in a 7(i) process, a customer could choose from the following three options as the load basis for their CHWM calculation:
  - **Path 1:** its Measured FY 2010 Load, with an anomaly adjustment for specific load loss meeting certain criteria;
  - **Path 2:** its average FY 2007-2008 TRL (adjusted for abnormal weather and conservation, and net of NLSLs), or;
  - **Default:** its Measured FY 2010 Load (adjusted for conservation. By definition, it is already adjusted for weather and net of NLSLs).
  
- **Path 1 - Specific Load Loss Adjustment:** A customer could request a load loss adjustment to its Measured FY 2010 Load for a load loss that occurs in FY 2009-FY 2010:
  - Due to a discrete event, if the load loss is at least 10 aMW or 10% of its Measured FY 2010 Load or;
  - From a specific consumer load, for any reason, if the load loss is at least 5 aMW or 10% of the customer's Measured FY 2010 Load.
  - BPA would generally measure the load loss against the FY 2007-2009 average for the specific load but would have the discretion to consider something other than the average during those years, up to the highest 12 month average during those years.
  - BPA's decisions in exercising, or choosing not to exercise such discretion would not be subject to any form of dispute resolution under the TRM or the Regional Dialogue Contract..

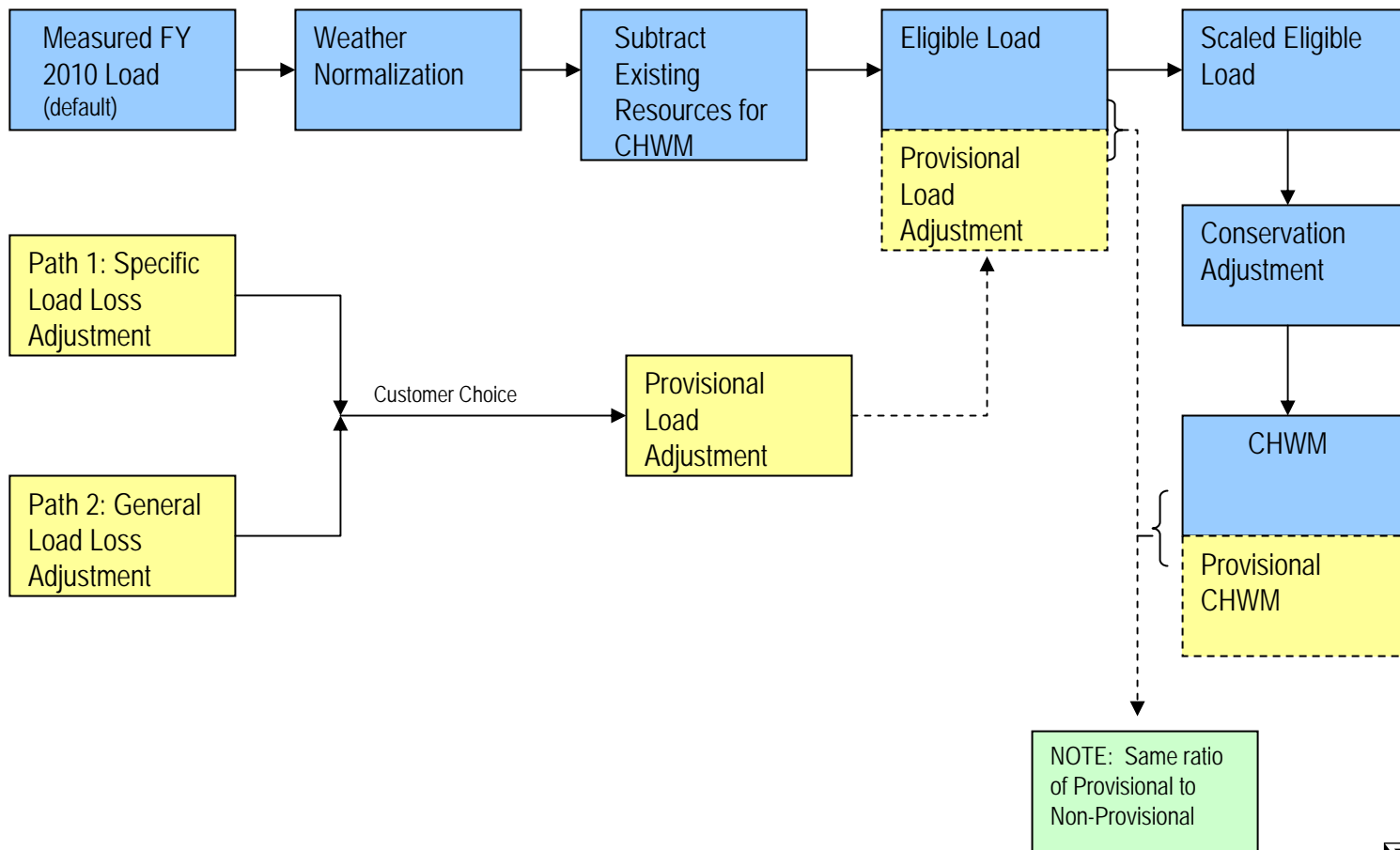


## Overview

- **Path 2 - General Load Loss Adjustment:** A customer could request load loss adjustments to its Measured FY 2010 Load, due to general load loss, in the amount that its average FY 2007-2008 load (adjusted for abnormal weather and conservation, and net of NLSLs) exceeds its Measured FY 2010 Load (adjusted for conservation. By definition, it is already adjusted for abnormal weather and net of NLSLs).
- **Calculating CHWMs:** The provisional load adjustment would be added to the customer's Eligible Load that is calculated based on FY 2010 Load. This Eligible Load would then be scaled to the Tier 1 System Capability and adjusted for conservation to get the customer's CHWM.
- **Provisional CHWM:** The Provisional CHWM portion of the calculated CHWM would be in the same proportion that the provisional load adjustment contributes to the Eligible Load.
- **Turning Provisional CHWM to Permanent:** In FY 2014, BPA will test to see whether the projected load amounts that the provisional load was based on actually returned through FY 2013. At that time Provisional CHWM amounts would converted to permanent CHWMs, but only based on the amount of load that actually returned. Such adjustments could not exceed the full amount of the Provisional CHWM.



# Overview Diagram

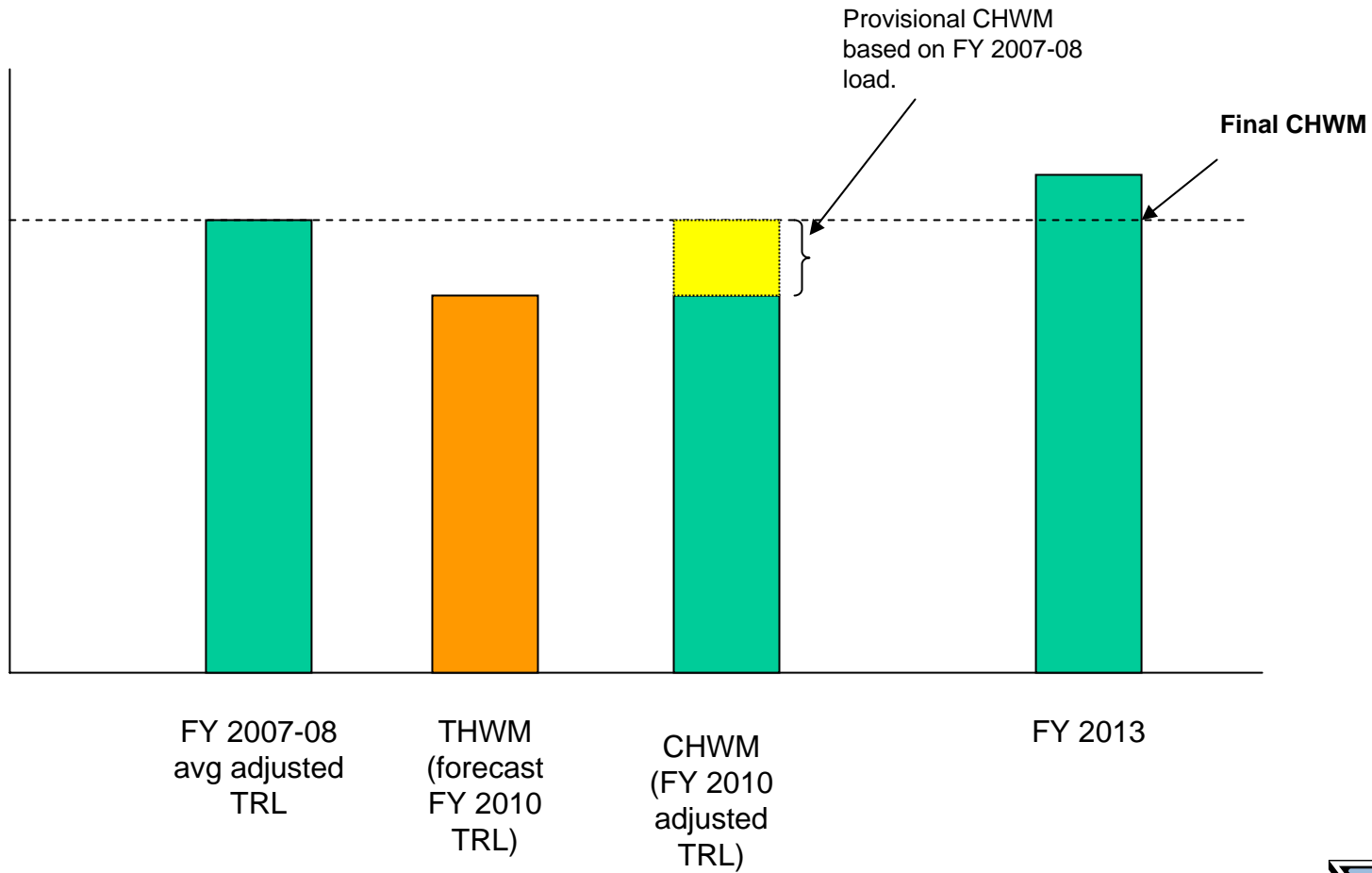


## Overview

- **Key Difference:** Under the proposed changes, any anomaly or load loss adjustment would be provisional and would be trued up to the amount of load that had returned through FY 2013. The anomaly adjustment in section 4.1.1.1 of the current TRM is a permanent adjustment to the customer's CHWM calculated by the end of FY 2011.
  
- **Augmentation:**
  - The Augmentation Limit determined in the CHWM calculation process would be based on the sum of the CHWMs, including provisional amounts. The current TRM does not include the concept of provisional amounts.
  - The Augmentation Limit would not be adjusted downwards for any provisional CHWM amounts are not made permanent. It would remain the same throughout the contract period.



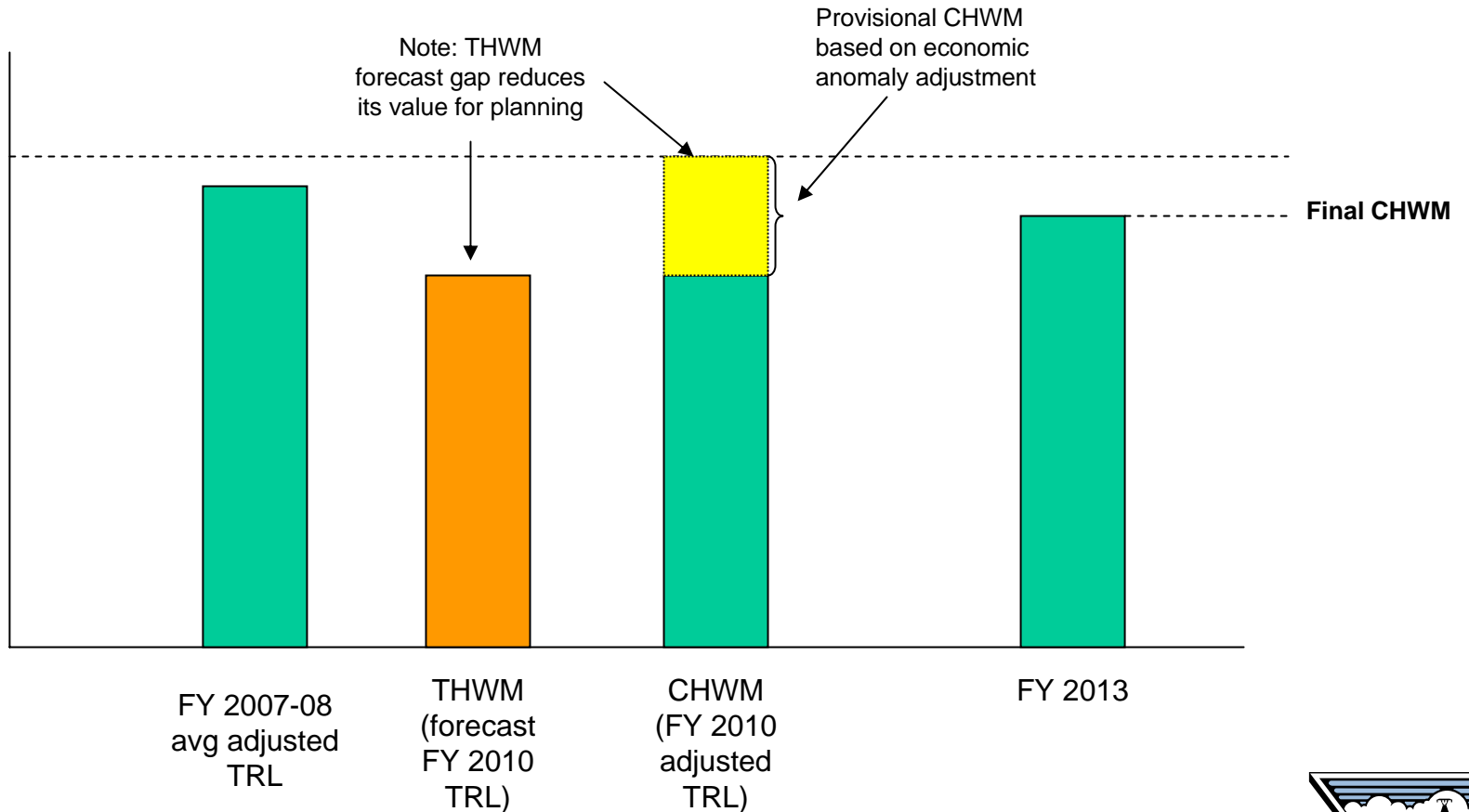
Scenario A – General Load Loss: No FY 2010 Anomaly; Load Growth Exceeds Provisional CHWM



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### Scenario B – Specific Load Loss: FY 2010 Load Anomaly Adjustment and Load Growth Less than Provisional CHWM





## TRM “Clean-up” Timeline

- May 21: Release of 07-08 data with provisional CHWM estimate
- May 29: FRN Published
- June 4: Prehearing conference

