



Council Business Meeting

May 2, 2023

Agenda Item	Bonneville Power Administration (BPA) Wholesale Electric Contract Negotiation Presentation	
From	Tom McBartlett	Electric Director
Contact	Thomas.mcbartlett@ashland.or.us	541-488-5357
Item Type	Requested by Council <input type="checkbox"/> Update <input checked="" type="checkbox"/> Request for Direction <input type="checkbox"/> Presentation <input checked="" type="checkbox"/>	

SUMMARY

The City Electric Utility purchases wholesale electricity from the Bonneville Power Administration (BPA). The current wholesale contract expires on September 30, 2028. City staff, directly and through our trade organization partners, have been engaged with BPA working on the details for a new wholesale power purchase agreement. The accompanying presentation is a look at progress made and issues still being discussed.

POLICIES, PLANS & GOALS SUPPORTED

Provide safe, reliable, and clean electricity to the residents and businesses of Ashland at an affordable cost.

BACKGROUND AND ADDITIONAL INFORMATION

The electricity that the City purchases from BPA is on average 95% carbon free.

BPA is statutorily obligated to sell power to public power utilities, such as municipals, PUDs, & co-ops, at cost.

FISCAL IMPACTS

There are no fiscal impacts currently. It is worth noting that power purchases make up over 50% of the Electric Department's budget.

DISCUSSION QUESTIONS

Information provided in the presentation should generate discussion and questions.

SUGGESTED NEXT STEPS

Staff to stay engaged in the ongoing process, ensuring that Ashland's interests are addressed.

REFERENCES & ATTACHMENTS

Power Point presentation





BONNEVILLE POWER CONTRACT

UPDATE TO COUNCIL ON THE CURRENT CONTRACT NEGOTIATIONS

NOTABLE HAPPENINGS UNDER CURRENT CONTRACT

- BPA FY22 revenues exceeded forecasts resulting in a Rates Distribution Clause (RDC)
- \$500 million became part of the RDC at the end of BPA's FY22
- In a settlement agreement that keeps BPA's rates flat for the next two-year rate case, Ashland is to receive \$1.3million in bill credits from Dec22 – Oct23

POST 2028 PROVIDER OF CHOICE

- The current BPA wholesale power purchase contract, known as the Regional Dialogue Contract, expires September 30, 2028
- Meetings, workshops, and negotiations have been underway for over a year to design the next contracts, referred to as the Provider of Choice contract
- City staff, directly and through trade organization partners, have been highly engaged in the Provider of Choice process

TIMELINE

B O N N E V I L L E P O W E R A D M I N I S T R A T I O N

Provider of Choice timeline

Policy development workshops

- April 2022 to May 2023

Draft policy release

- Late July 2023
- Accompanied with public meetings to clarify draft policy intent

Public comment period

- 60 days, August to October 2023

Final policy and record of decision

- January 2024

Contract development

- January 2024 to Summer 2025
- Goal to sign contracts by late 2025

PROCESS

B O N N E V I L L E P O W E R A D M I N I S T R A T I O N

Process deliverables

Policy Phase (July 2022 – Early 2024)	Contracts and Rates Phase (2024 – 2025)	Implementation Readiness Phase (2026 – 2028)	Other Post-2028 Processes (Now – 2028)
<ul style="list-style-type: none">• Draft Policy• Final Policy and Record of Decision (ROD)	<ul style="list-style-type: none">• Standardized contract offers• Develop Post-2028 rate methodology• Contract Policy ROD, if needed	<ul style="list-style-type: none">• Product guidebook• Systems readiness• Conduct first rate case proceeding of new contracts	<ul style="list-style-type: none">• Residential Exchange Program• Energy Conservation Agreement

NOTABLE POINT OF AGREEMENT

- BPA has agreed to increasing minimum thresholds for non-federal resources
- Current contract requires resources 200kW and larger to be designated and subject to “take or pay” provisions of the contract
- BPA has agreed to increase the requirement to 1 MW for listing in contract
- BPA has agreed to allow up to 5MW of non-federal resource development to offset Tier 1 load
- Public Power is still advocating for more enhancements to this policy

STILL NEGOTIATING

- The top item of discussion currently is, system size and allocation
- BPA's historic method of setting the system size allowed for individual customers allocation of the Tier 1 system to fluctuate with each 2-year rate period
- Public Power is advocating for setting a fixed system size and a fixed allocation
- Most disagreement is around what to set the system size at

LINKS

- BPA provider of choice - <https://www.bpa.gov/energy-and-services/power/provider-of-choice>
- Northwest Requirements Utilities (NRU) - <https://www.nru-nw.com/>
- Public Power Council (PPC) - <https://www.ppcpdx.org/>

QUESTIONS

- Tom McBartlett – Electric Director
- thomas.mcbartlett@ashland.or.us
- 541-488-5357

