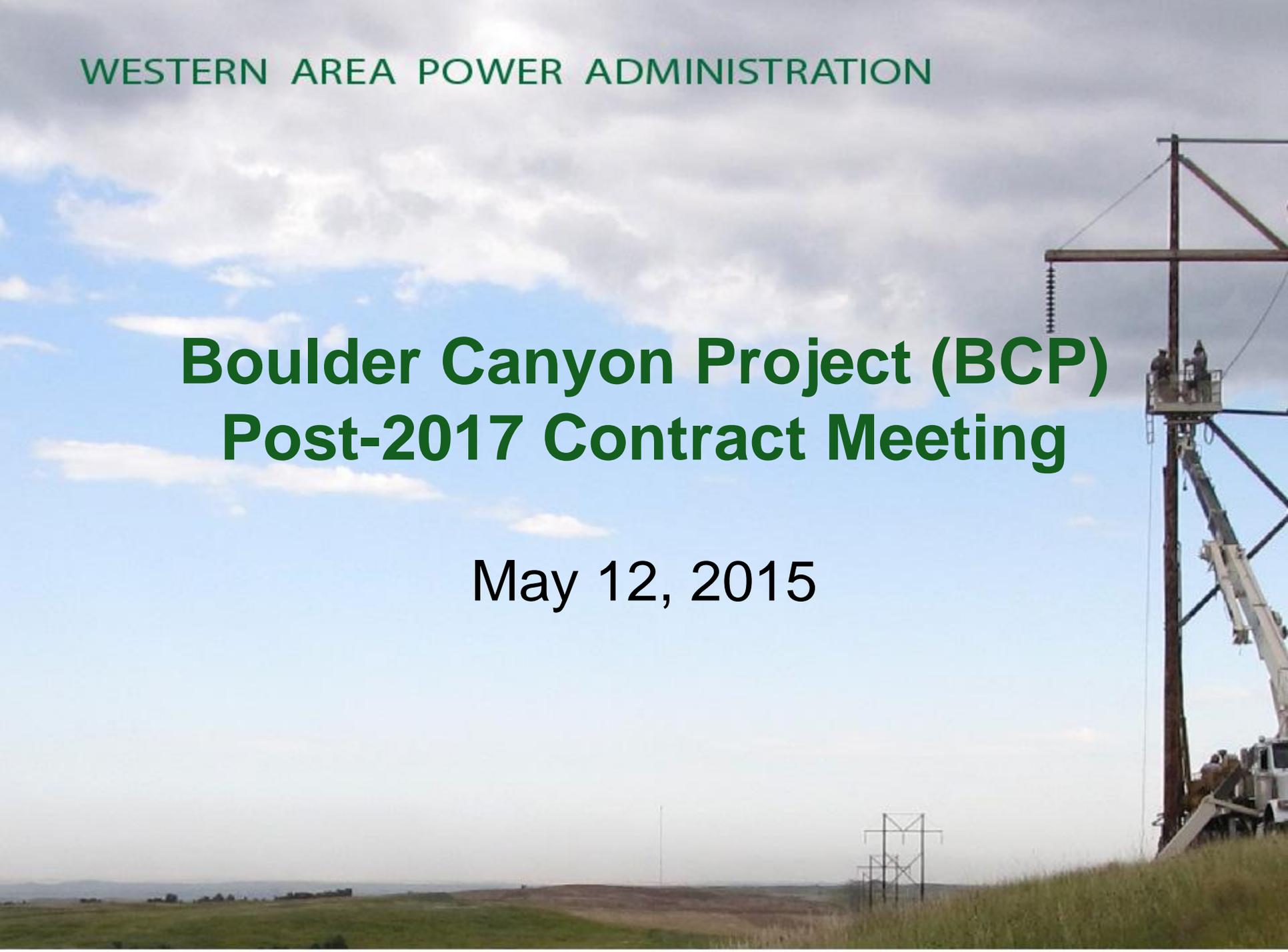


WESTERN AREA POWER ADMINISTRATION

Boulder Canyon Project (BCP) Post-2017 Contract Meeting

May 12, 2015



Topics

- Introductions
- Overview of Contracts:
 - Electric Service
 - Implementation Agreement
 - Benefit Arrangement for Tribal Allottees only
- Next Steps
- Points of Contact

Objectives

- Receive comments on draft contracts and answer questions
 - Looking for concepts rather than detailed edits
- Western is negotiating contracts with:
 - Existing BCP Contractors
 - New Allottees in California
 - New Tribal Allottees
- Non-tribes in Arizona and Nevada will need to negotiate contracts through and with their respective state agencies
- Contracts must be essentially uniform

WESTERN AREA POWER ADMINISTRATION

**Boulder Canyon Project (BCP)
Post-2017 Draft
Electric Service Contract (ES)**



Term of Contract

- Boulder Canyon Project contracts are in accordance with the provisions of the Hoover Power Allocation Act of 2011 (HPAA) and Western's Conformed Criteria dated June 14, 2012 (77 FR 35671)
- 50 year term (Effective October 1, 2017)
- Transmission Delivery Arrangement must be arranged by October 2016 for non-tribal allottees

Electric Service to be Furnished

- **Roles and responsibilities of Reclamation**
 - Reclamation shall schedule the release of water to meet statutory requirements (for flood control, water deliveries, and third for power)
 - Operate, maintain and repair Hoover Dam and powerplant
 - Uphold financial integrity, repayment of the BCP, and administration of the Colorado River Dam Fund
- **Roles and responsibilities of Western**
 - Western shall operate, maintain, replace, and repair the Federal transmission system (electric delivery) to deliver capacity and energy from Hoover Powerplant.
 - Schedule, deliver, and measure power to the Contractor
 - Calculate costs, set rates and charges to recover costs
 - Account for power deliveries, render bills, and maintain financial integrity of the project

Overview of Contingent Capacity (Exhibit A)

- Overview of Contingent Capacity
 - [Listed in Exhibit A](#)
- Reductions in Contingent Capacity
 - Reductions to Contingent Capacity may result due to forced or planned outages, river operation, or reservoir drawdown.
- Allocation reductions are pro rata among Schedule A, B, and D

Overview of Firm Energy and Excess Energy

- Firm Energy is listed in [Exhibit B](#)
- Excess of Firm Energy when available (Priority is set forth in Schedule C shown in [Exhibit C](#))
- Deficiencies of Firm Energy are pro rata according to the percentages listed in Exhibit B
- Purchases of Firming Energy (Individual Contractor Cost)

Other Power Provisions

- Minimum Schedules - Contractor may be required at times to schedule a minimum rate of delivery to meet minimum power system or water delivery requirements
- Lay Off Energy
- Lay Off Power

Master Schedule

- What is the Master Schedule?
 - Provides an estimated monthly Energy and Capacity schedule (16 months)
 - Used in base charge calculation
- Master Schedule development and feedback
- Includes resource exchange

Use of Generation

- Limited to contractors' Available Capacity
- Regulation, Ramping, and Reserves - dynamic signal
- Use of Unloaded Synchronized Generation
 - Accounting for energy (losses)
- Scheduling Entity

Coordination of Power System

- Metering and Scheduling Instructions (MSI)
 - Primarily used as instructions for scheduling entities
 - MSI expected to be completed and executed with ES contract

Billing, Payments, and Rates

- Rates developed on an annual basis pursuant to applicable regulations
- Annual Base Charge & Annual Revenue Requirement
 - Capacity and energy charge based on master schedule
- Lower Colorado River Basin Development Fund Contribution Charge (LCRBDF)
 - Applied to all energy deemed delivered (not firming energy)
 - California/Nevada - \$2.5 per MWh
 - Arizona - \$4.5 per MWh¹
- Billing within 10 days after month end

1. \$2.5 per MWh after payoff of Central Arizona Project

Resale and Integrated Resource Plans

- Resale of Electric Energy
 - Provides for ISO Transactions
- Integrated Resource Plans and Small Customer Plans
 - IRP Website
 - <http://ww2.wapa.gov/sites/Western/es/irp/Pages/default.aspx>
 - Contacts provided with handouts

Multi-Species Conservation Program (MSCP)

- Overview
 - Contractor shall pay its proportionate share of its State's respective contribution
 - These costs will not be billed or collected by Western
- State Agencies
 - Contacts provided with handouts

Other Requirements

- Creditworthiness
 - [Attachment No. 3](#)
- Repayable Advances
 - Details are provided in Implementation Agreement (IA)
- Execution of IA

Reallocation of Schedule D Power

- Power not under contract by October 1, 2016, shall be redistributed on a pro-rata basis to remaining Schedule D allottees
- Reallocation after Oct. 1, 2017 for any power not under contract.
- Contractor option to accept any such additional Schedule D power.
- Updated Exhibits A, B, and C, may be issued to reflect the reallocations

Supplemental Provisions

- General Power Contract Provisions (GPCP)
(effective September 1, 2007)
- Exhibits
- Transfer and Assignments

Other Exhibits

- [Exhibit D](#), Delivery Conditions
- [Exhibit E](#), Available Energy, Available Capacity, and other Terms
- [Exhibit F](#), Accounting for Unloaded Synchronized Generation

Next in the Contract Process

- Consolidate comments and suggested modifications
- Upload second draft for review in July 2015
[-http://www.wapa.gov/dsw/pwrmt/BCP_Remarketing/BCPPost2017.htm](http://www.wapa.gov/dsw/pwrmt/BCP_Remarketing/BCPPost2017.htm)
- Final contract template available in October 2015
- Initiate contracts with each Allottee

Questions

Boulder Canyon Project Post-2017 Draft Electric Service Contract

Western Points of Contact

- **Contracts**

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WESTERN AREA POWER ADMINISTRATION

**Boulder Canyon Project
Post-2017 Draft
Implementation Agreement (IA)
Amended and Restated**

May 12, 2015



Background

- History (original IA)
- Purpose of Current IA
 - Interfaces with Electric Service contract
 - Customer processes
- Parties with Western ES contracts must execute IA

Replacements and Repayable Advances

- What are Repayable Advances?
- Payment Responsibility of Allottees
- Estimated Payment and Schedule
 - \$74 per kw of allocation (plus interest) and maximum of 5 year payback
 - Reimbursements to eligible Contractors

Customer Example: 2,000 kW Capacity 4,366 MWh Annual Energy

Repayable Advances: \$148,000 (2,000 kW X \$74)

or \$29,600/year for first 5 years

Visitor Facilities & Multi-Project Benefits

- Operation, Maintenance, Replacement (OM&R) of visitor facilities is included in annual requirements, offset by revenues
- Visitor Center debt paid by contractors no longer part of annual revenue requirement (Para. 7.4.2 of Electric Service contract)
- Multi-project allocations of benefits and costs

Committees

- Coordinating Committee, Engineering and Operating Committee (E&OC) and Technical Review Committee (TRC)
 - Purpose
 - Meetings and Participation
 - Ten Year Operating Plan

Additional Provisions

- Working Capital
- Audits
- Principal Payments
- Annual Rate Adjustment

Next in the Agreement Process

- Consolidate comments and suggested modifications
- Upload second drafts for review in July 2015
http://www.wapa.gov/dsw/pwrmt/BCP_Remarketing/BCPPost2017.htm
- Final IA available in October 2015
- Initiate execution of IA with each Allottee

Questions

Boulder Canyon Project Post-2017 Draft Implementation Agreement (IA) Amended and Restated

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