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
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

Para. 6.10.2, 6.10.4, & 6.10.5
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 MWh

• Billing within 10 days after month end

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

Subsection 7.2, 7.4, & 7.14
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
- 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

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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

Subsection 8.1 & Section 9
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
• Final IA available in October 2015
• Initiate execution of IA with each Allottee
Questions

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Post-2017 Draft
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Western Points of Contact

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