



**Provider of Choice Contracts & Load Service
October 2028 – September 2044**

**City of Sumas
City Council Meeting
March 23, 2026**

PROVIDER OF CHOICE

**POST
2028**



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Provider of Choice

- Provider of Choice (PoC) refers to the multi-year initiative undertaken to develop and execute new long-term power contracts.
- PoC Policy development began in May 2022; contracts signed during fall 2025.
- Power sales under contracts begins in October 2028 and expires in September 2044.
- Three power products offered under these contracts:
 - Load Following
 - Slice/Block
 - Block

Tiered Rates & Net Requirements

- BPA has a two-tiered rate design for power sold at a Priority Firm (PF) rate.
Tier 1 = wholesale rate.
Tier 2 = market-based rate + adders
- The PF rate applies to sales of power to meet a customer's Net Requirements load.
- City of Sumas' Net Requirements = annual Total Retail Load.
- Tier 1 & Tier 2 rates calculated every two years via the Public Rate Design Methodology (PRDM).

Contract High Water Mark

- BPA created Contract High Water Marks (CHWM) to implement tiered rates.
- Customers are eligible to purchase power to serve their Net Requirements at Tier 1 and Tier 2 rates.
- CHWM = amount of power that Sumas can buy from BPA annually at the Tier 1 Rate.
- CHWM calculation:
 $(FY\ 2023\ Wx.\ Adj.\ TRL - FY24\ RHWM) + Load\ Growth\ Adj. + Prop.\ Share\ Adj.$

		CHWM Calculation								Small Utility Adjustment	
	PF-Eligible Load in Index Year	Base Allowance (2024 RHWM)	Headroom Adjustment (100%)	Conservation Adjustment (50%)	New Specified Resource Adjustment (50%)	Load Growth Adjustment (25%)	Proportional Share Adjustment (Up to 7,250 aMW)	Provider of Choice CHWM	Provider of Choice Above-CHWM load in the index year	Does the customer qualify for the small utility adjustment? (Yes/No)	If yes, what is the maximum potential CHWM for the customer? (aMW)
<i>Note: All data is in aMW</i>											
Customer											
Sumas, City of	3.687	3.643	-	-	-	0.011	0.133	3.787	(0.100)	Yes	5.000

Subsequent CHWM Adjustments

- Certain conditions merit an increase to a customer's CHWM.
- The “Small Utility Adjustment” is one example; applies to utilities with annual load less than 5 aMW.
- Small Utility Adj. = lesser of: 2 x CHWM or CHWM increase *up to* 5.0 aMW.

Ex: if City of Sumas' Net Requirement in FY 29-30 = 4.720, Tier 1 access = 4.720

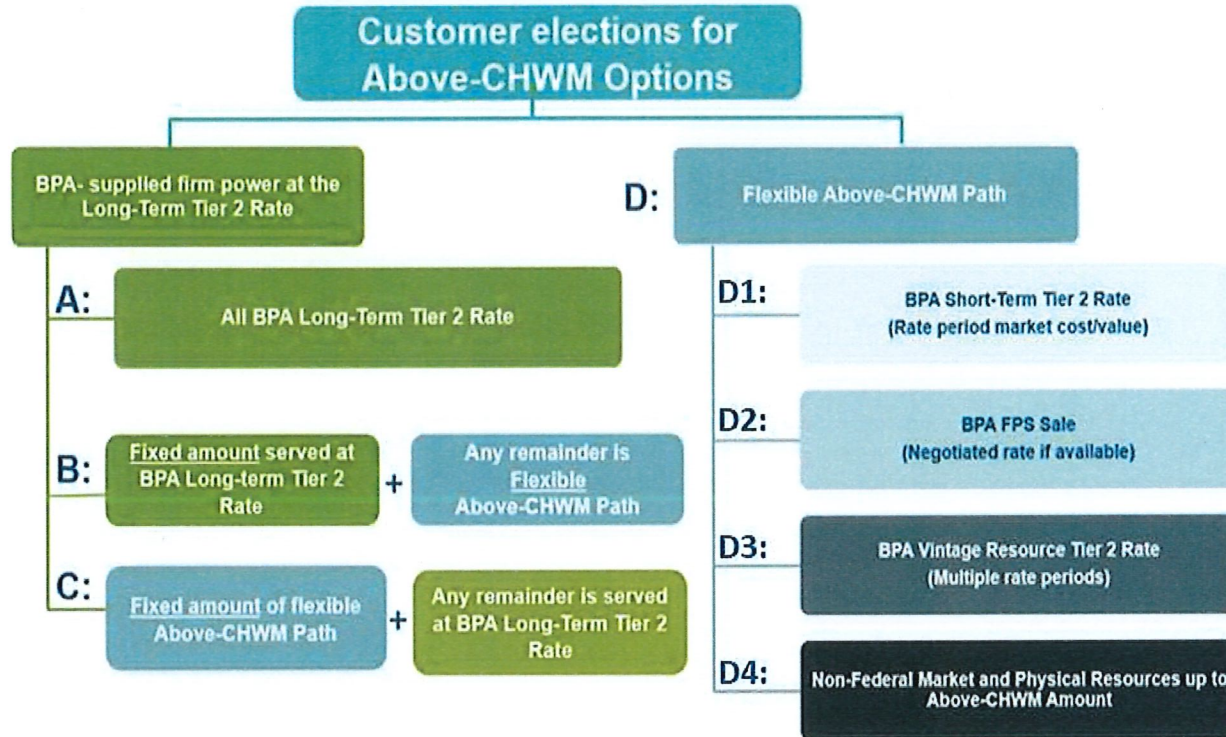
- Subsequent adjustments will be made prior to each two-year rate period.

Above-CHWM Load Service

- *Forecasted* portion of Sumas’ Net Requirements that exceeds Sumas’ CHWM.
- BPA’s customers make one-time election for Above-CHWM load service within 60 days of final CHWM publishing.
- Two paths
 - 1) **Long-Term**: BPA manages a resource portfolio based on aggregate load growth of customers
 - 2) **Flexible**: rate period-based (two years at a time).

City of Sumas		
Forecasted Loads		
Fiscal Year	MWh	Total Retail Load (aMW)
2029	37,706	4.304
2030	38,118	4.351
2031	38,485	4.393
2032	38,949	4.446
2033	39,130	4.467
2034	39,484	4.507
2035	39,792	4.543
2036	40,231	4.593

Above-CHWM Options

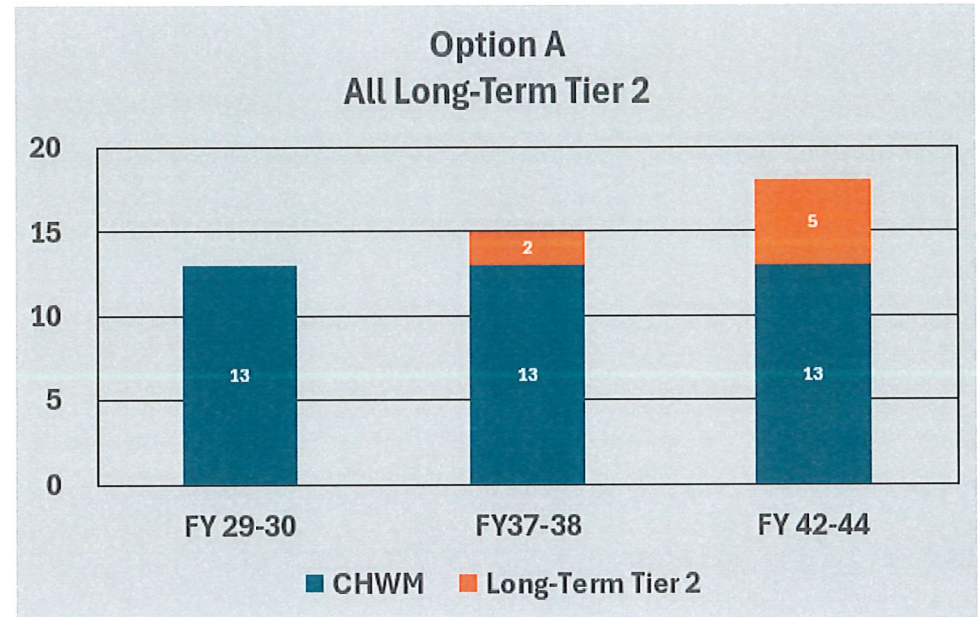


Option A: All BPA Long-Term Tier 2

- BPA serves all Above-CHWM load at the Long-Term Rate.
- Long duration certainty
- Good for smaller customers without energy resources
- A portion of Above-CHWM load could be served at the Tier 1 rate if surplus power is available.

CHWM = 13 aMW

LT Tier 2 = BPA automatically serves forecasted amount



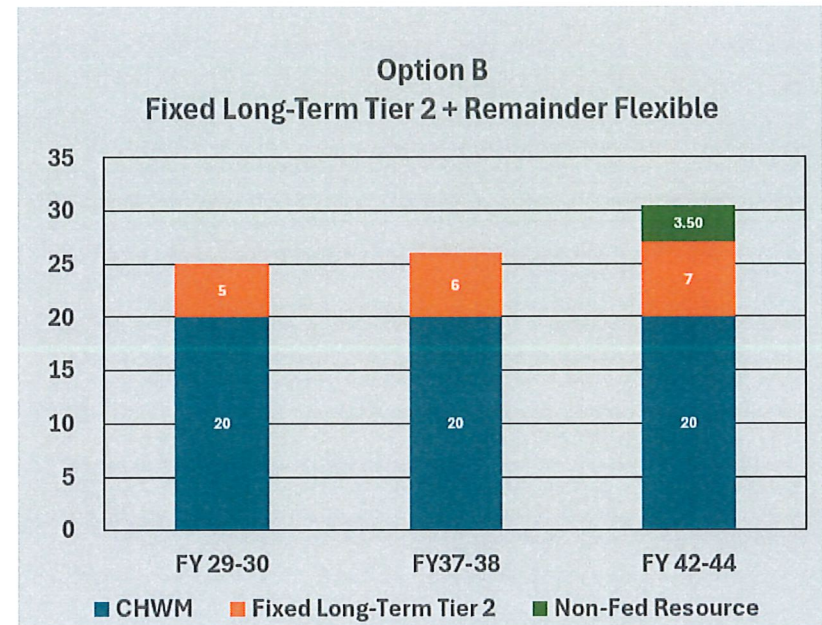
Option B: Fixed Long-Term Tier 2 + Flexible

- Utility requests annual “ceiling” amount of load at Long-Term Rate.
- Remainder of Above-CHWM load served via the Flexible path.
- Good for customers contemplating a future resource acquisition.
- Customer can elect to receive up to 0.999 aMW of Flexible path load at Tier 1 rate.
- More risk for smaller customers selecting D1 for Flexible portion. Short-Term Rate is subject to availability; customer could be required to serve this portion.

CHWM = 20 aMW

Fixed LT Tier 2 = “up to” 7 aMW

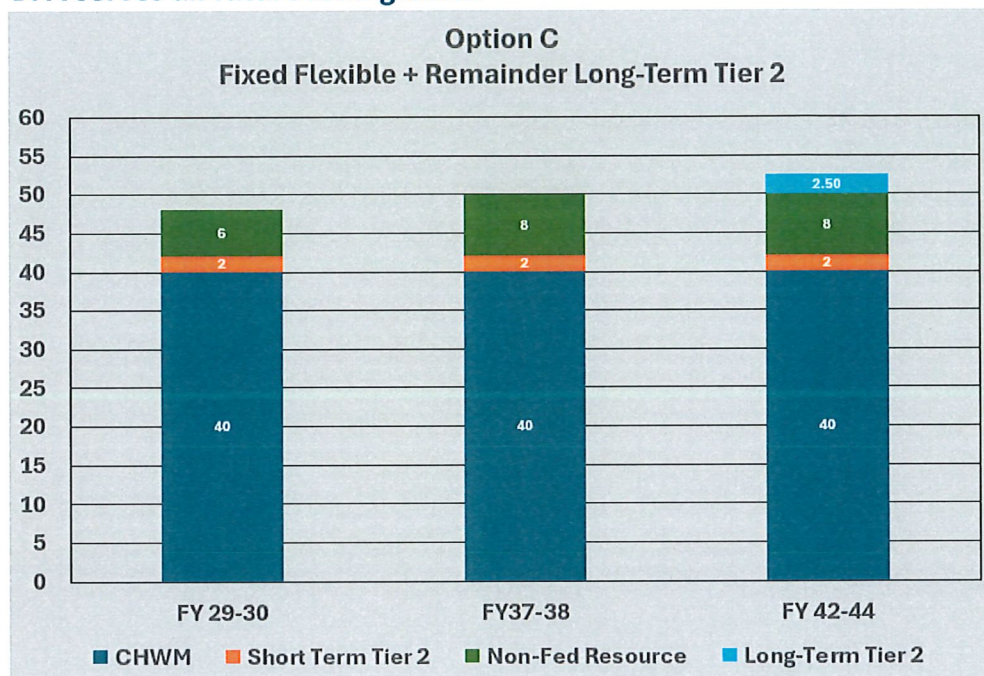
Customer serves rest with non-fed resource



Option C: Fixed Flexible + Remainder Long-Term Tier 2

- Utility requests an annual ceiling amount of power via the Flexible path.
- BPA serves the remainder at the Long-Term rate.
- Customer can elect to receive up to 0.999 aMW of Flexible path load at Tier 1 rate.
- Good for larger utilities that own new energy resources.

CHWM = 40 aMW
 Fixed Flexible = "up to" 10 aMW
 BPA serves all future load growth

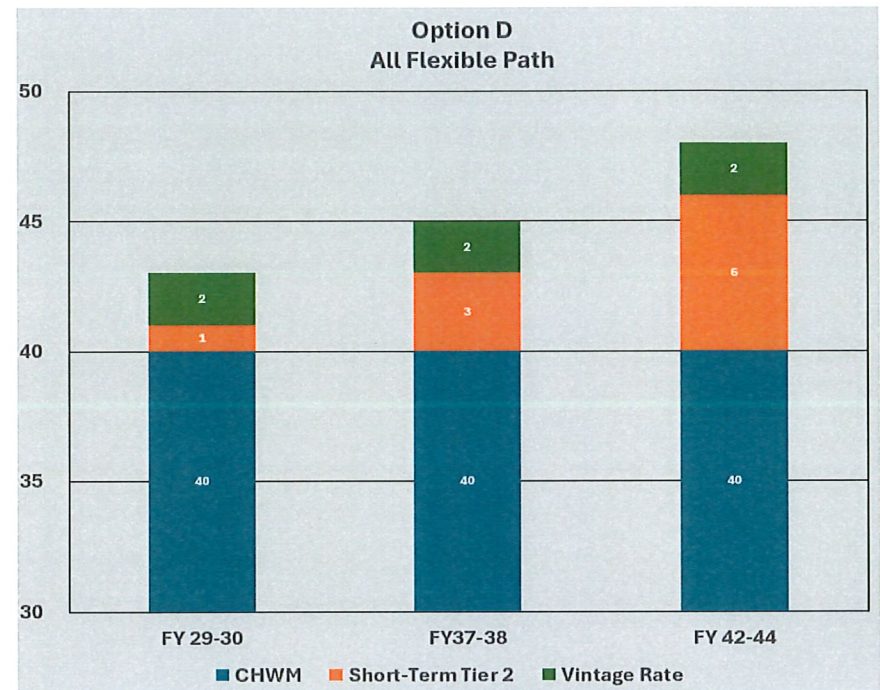


Option D : All Flexible Path

- All Above-CHWM load is served via the Flexible path.
- Two years at a time, customer selects any single option or combo of D1-D4.
- Customer can elect to receive up to 0.999 aMW of Flexible path load at Tier 1 rate.
- For stability, D4 could be a long-term purchase of generation from a resource owner.

CHWM = 40 aMW

Utility selects combination from flexible path options



Other Considerations

- One-time opportunity (by August 1, 2027) to decrease annual Long-Term Tier 2 amount without a fee (Options A, B or C).
 - One additional opportunity (for a fee) if 3 years advance notice is provided.
- Clean Energy Transformation Act (CETA)
 - Utilities must be carbon neutral in 2030 and beyond.
 - Possible higher carbon content tied to Above-CHWM load.
- Clean, small energy resources can help if needed
 - Grant money available from WA Dept. of Commerce
 - Non-federal resources < 1MW nameplate capability won't be listed in PoC contract.

CETA Compliance: Example 1

- Current load forecast through FY 2036; slow increase to 5.0 aMW by 2044.
- City of Sumas would be in good shape with a 90% clean fuel mix every year.
- Purchase unbundled RECs to offset remaining 10% in 2030 and beyond.

Sumas	CHWM	3.787	Path Selected: Path C		Load Growth per Year 0%	
	Path B Fixed Long Term Amount		Round Round Applied: Yes			
	Path C Fixed Flexible Amount					
	Tier 1 Allowance Available	1.893				

	FY 29	FY 30	FY 31	FY 32	FY 33	FY 34	FY 35	FY 36	FY 37	FY 38	FY 39	FY 40	FY 41	FY 42	FY 43	FY 44
TRL	4.304	4.351	4.393	4.446	4.467	4.507	4.543	4.593	4.671	4.700	4.712	4.750	4.810	4.850	4.925	5.000
Existing Resource	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Tier 1	4.304	4.351	4.393	4.446	4.467	4.507	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000
Tier 1 Allowance Amount																
Above CHWM	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Potential Carbon Impact																	
% Emitting/Market Purchases								% Emitting/Market Purchases									
Assumption on BPA Tier 1 Fuel Mix	10%							Assumption on BPA Long-Term Tier 2 Fuel Mix	60%							Purchasing Unbundled RECs	Yes
								Assumption on BPA Short-Term Tier 2 Fuel Mix	60%								
								Assumption on BPA Vintage Tier 2 Fuel Mix	10%								
								Assumption on Non-Fed Resource Fuel Mix	10%								

Fuel Mix	FY 29	FY 30	FY 31	FY 32	FY 33	FY 34	FY 35	FY 36	FY 37	FY 38	FY 39	FY 40	FY 41	FY 42	FY 43	FY 44
Non-Emitting	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Emitting	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

Questions?

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