



TO: Commissioners McRae, Barofsky, Schlossberg, Brown, and Carlson
FROM: Brian Booth, Chief Energy Resources Officer; Megan Capper, Energy Resources Manager; Aaron Bush, Senior Energy Resource Analyst;
DATE: July 31, 2024 (August 6, 2024, Board Meeting)
SUBJECT: Trail Bridge: BPA Exhibit A Updates
OBJECTIVE: Information Only

Issue

This memo provides information about securing replacement power from Bonneville Power Administration (BPA) for EWEB's Trail Bridge facility.

Summary

- In September, the Board will be asked to authorize a resolution acknowledging and affirming EWEB's future actions to reduce and subsequently halt generation at Trail Bridge by a specific date.
- EWEB is required to halt generation and needs to articulate a clear plan of action to BPA so that we may be eligible for replacement power.
- Timely removal of Trail Bridge from our BPA contract will likely result in additional Tier 1 cost-based power (between 1.5 to 3.3 aMW) from BPA through at least 2044.

Background

As part of the 2019 FERC license for the Carmen-Smith Project, EWEB is required to halt generation at Trail Bridge to allow for downstream fish passage. Downstream fish passage, and cessation of generation, have been delayed due to unforeseen dam safety issues at the Project, resulting in protracted design and construction timelines.

When Trail Bridge is no longer generating, EWEB should be eligible for replacement power from BPA. However, the timing of this change, and the way it's communicated to BPA, will have an impact on the energy product that EWEB is eligible to receive. Staff are working to ensure the best outcome for EWEB's customers, and Board action will be required.

In fall 2024, BPA will begin processes to determine customer eligibility for both Tier 1 cost-based system power for the remaining three years of the current Regional Dialogue Slice contract (2026-2028 power deliveries), as well as the post-2028 Provider of Choice Contract. These processes require BPA customers, like EWEB, to declare changes (reductions) to their Exhibit A dedicated resources by October 2024 to be eligible to receive replacement Tier 1 power. To

make this declaration, staff will need to submit to BPA a Board-approved resolution that articulates EWEB's intent and plan of action. Declarations made after October 2024 may still be eligible to receive BPA power but not from the cost-based Tier 1 system.

BPA Requirements and Dedicated Resources

As a federal agency created by federal statute, BPA is subject to the 'rules and procedures' stipulated in those statutes. For this issue, the relevant statute is the Northwest Power Act of 1980, which requires BPA to serve preference customer load *net* of that customers' own resources dedicated to serve that load. EWEB is a BPA preference customer and Trail Bridge is a 'dedicated resource' in our BPA contract. This means that EWEB cannot purchase replacement power for Trail Bridge from BPA until it is removed from the contract. To do so, EWEB must meet the statutory resource removal requirements of the Northwest Power Act. These requirements consider removal due to loss, retirement, obsolescence, or administrator approval. These will be discussed in more detail next month. If EWEB successfully argues for removal, we would be eligible for more Tier 1 power under our upcoming Provider of Choice contract, and potentially receive replacement power from BPA for the BP26 rate period (fiscal years 2026-2028).

Discussion

Trail Bridge

Trail Bridge is a 10 MW nameplate re-regulation facility for EWEB's Carmen-Smith Hydroelectric Project. Under Exhibit A of our BPA contract, Trail Bridge is considered a dedicated (to load service) resource listed at a 3.3 aMW of 'critical' water generation.

EWEB's 2019 FERC license for Carmen-Smith requires that Trail Bridge generation be halted, and water pass through the modified spillway for downstream fish passage. EWEB has defined the following plan to meet these requirements. Recognizing Trail Bridge is still generating today, power generation operations are expected to be to no more than 1.5-2 aMW when interim spill measures are expanded in late 2024. Additionally, with the completion of downstream passage facilities in 2030, Trail Bridge will remain offline except for routine maintenance and other 'non-power' purposes. EWEB is planning to install a load bank that could take 'excess' energy from Trail Bridge if downstream passage is not in place before the start of the Provider of Choice contract.

BPA Timelines

- BPA has set a deadline of October 2024 for utility customers to request resource removal for the Provider of Choice 2028 contract Tier 1 allocation. This deadline creates the need for the September Board resolution. If EWEB misses this deadline, Trail Bridge will not be eligible for Tier 1 replacement power under that contract (expiration 2044).
- BPA's deadline for load and resource changes for the BP26 rate period is fall 2024. EWEB's implementation of 'interim' spill measures at Trail Bridge will begin in 2025 and continue through the BP26 rate period. If we can provide certainty about these operations, EWEB could receive replacement power for lost generation during those years.

Recommendation & Requested Board Action

No action is requested at this time. If the Board has questions or concerns, these should be voiced in August, to ensure staff an ability to provide follow up information or adjust our approach.

Staff plan to bring the Board a resolution in September 2024 affirming our obligation to halt generation at Trail Bridge and laying out a clear plan of action to accomplish this goal. This resolution and plan of action to halt Trail Bridge generation do not represent a change of course for EWEB or the Board – the resolution will reaffirm our commitment to actions that are already required under the Carmen-Smith License.