



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Barofsky, Schlossberg, Brown, Carlson, and Morris  
FROM: Frank Lawson, CEO & General Manager  
DATE: January 27, 2025  
SUBJECT: Bonneville Power Administration “Provider of Choice” Contract Decision Framework  
OBJECTIVE: Information and Feedback

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## Issue

Management wishes to highlight the decision framework and primary criteria that will inform the Bonneville Power Administration (BPA) product selection process.

## Background

For over 85 years, BPA has supplied reliable, affordable and low-carbon wholesale electric power to customers, such as EWEB, that serve retail consumers in the Pacific Northwest region for over 85 years. EWEB’s present “Regional Dialogue” contract with BPA expires with on September 30, 2028.

“Provider of Choice” is BPA's regional effort to engage in a policy and contract-development process to gain an understanding of electric power needs and perspectives. This process will establish the long-term power sales policy and contracts that will follow the current Regional Dialogue contracts that expire in September 2028.

BPA has requested that Northwest public utilities, including EWEB, notify them of their 2028 Provider of Choice product selection no later than July of this year. Since early 2024, staff have been working to complete a comprehensive analysis of proposed BPA power contract products (options) to determine the best fit for EWEB and our customers. During this time and continuing this spring (as described in separate correspondence), meetings with the Board have/will occur to provide updates and analytical findings, discuss options and impacts, and ultimately review management’s recommended path forward in June 2025.

## Discussion

Given the complexities of the BPA “Provider of Choice” contract decisions, management will be working closely with the Board and legal counsel as described herein. Management will conduct the technical analysis, legal review, and contract negotiations, while the Board will provide oversight by setting the guiding principles, evaluating key trade-offs as presented by management, and ensuring alignment with EWEB’s strategic priorities. The Board will provide direction on qualitative and financial considerations, review recommendations from management, and their resolution in July 2025 will establish the parameters within which the General Manager may finalize and execute the

contract. This approach balances governance oversight with the need for management flexibility in addressing technical and regulatory complexities.

Prior to the July Board Meeting, the EWEB General Manager will be working with staff and collaborating with Commissioners to develop a recommendation based on information and criteria as specified below.

#### Economic Analysis (Contract and Portfolio Costs)

Financial modeling, based on a variety of forecasted future conditions, will provide Net Present Values (Cost) of EWEB's portfolio cost (contracts plus generation resources only) based on a twenty (20) year period for several Provider of Choice product options. **Sensitivities** will be created to understand how each product option reacts to different unique variables, including load growth, market prices, and third-party generation development/contract costs. Additionally, combinations of modeling variables will be combined to assess **scenarios**, including most likely combinations of variables (e.g. high regional demand, EWEB load growth, with high wholesale market prices).

Given EWEB's present long-term strategy of influencing customer behavior to optimize our energy delivery, EWEB will run multiple scenarios that will test the efficiency and effectiveness of demand-side programs, including energy efficiency and conservation, and demand-response to mitigate behaviors exacerbating peak demand for electricity. Besides informing EWEB's customer programs, **EWEB's Demand-Side Potential Assessment (DSPA)** will inform how reliant any Provider of Choice product choice might be to customer participation and at what cost.

#### "Business Model" Impacts

In addition to the costs of the BPA Contract and additional resources needed (i.e., Contract and Portfolio Costs) as described above, management will be evaluating the potential impacts of any BPA Provider of Choice options on different future business models, including some of the qualitative priorities identified below. Specifically, management will seek to understand the total utility capital, operations and maintenance, administrative and management, and opportunity costs, as well as benefits of owning and operating generation and managing (scheduling, buying, selling) different resource mixes.

#### Qualitative Priorities (Environmental, Social, Governance)

Management's recommendation will assess each Provider of Choice product's consistency with ESG considerations (environmental, social, governance), EWEB values, Board policies, and active resolutions. EWEB's stated values include being safe, reliable, affordable, environmental, and community minded, while several Board policies reference financial controls and limits, environmental and climate directives, equity considerations and objectives, and managing risk.

At an October 2024 Work Session, EWEB Commissioners discussed their perspectives on qualitative considerations of the BPA product choice. The background memorandum for that discussion can be found [\[OctoberWSMemo\]](#) , and the meeting minutes found [\[OctoberWSMinutes\]](#). During the work session, Commissioners expressed general appreciation for EWEB's autonomy (i.e., local control), values, nimbleness, and present strategy to engage customers in optimizing the delivery of energy, while also expressing concern about managing risks, especially the regulatory risks associated with

hydroelectric operations. However, what was not discussed were the real and opportunity costs associated with assuming the local control of such strategies and risks, which will be assessed relative to the BPA Provider of Choice decision options.

**Recommendation/Requested Board Action**

Commissioners are asked to discuss and provide feedback to management on the process and criteria, as described above, that will be used to generate a General Manager's recommendation related to the BPA Provider of Choice contract options.