

Update on Status of Tacoma Power's Next Contract with Bonneville Power Administration (BPA)

For the Government Performance & Finance Committee (GPFC)

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Update on Tacoma Power's next contract with BPA

Bonneville Power Administration (BPA) basics

- ✓ BPA is a Federal Power Marketing Agency
 - BPA markets the electricity from thirty-one federal hydroelectric dams on the Columbia River and its tributaries, as well as from the Columbia Generating Station, a nuclear plant located on the Hanford Site in eastern Washington.
 - Although BPA is part of the Department of Energy, it is self-funded and covers its costs by selling its products and services at cost.
- ✓ Tacoma Power has been a BPA preference customer since 1940 and is BPA's 4th largest customer (~5.5% of BPA's total load)
- ✓ BPA power is an essential part of our power supply
 - BPA accounts for ~60% of Tacoma Power's generating portfolio
 - BPA power bill accounts for ~30% of our revenue requirement

Recommended reading for a history of BPA: <https://www.nwcouncil.org/reports/columbia-river-history/bpahistory/>

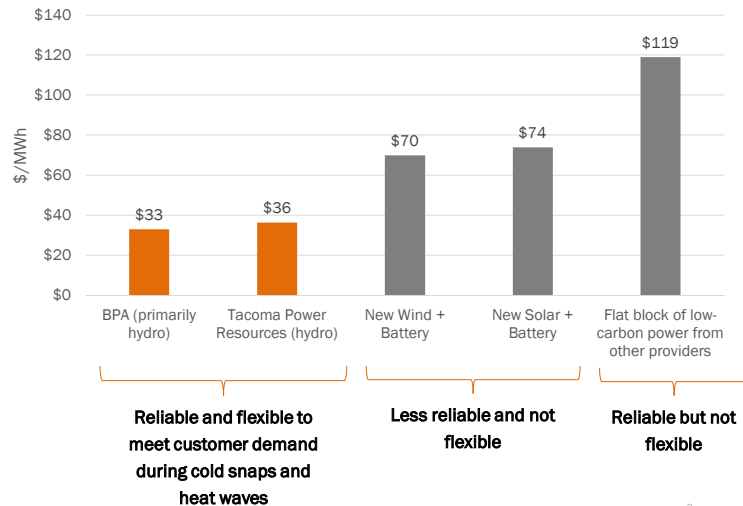
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Update on Tacoma Power's next contract with BPA

BPA power is a highly desirable product

- ✓ **Low carbon:** Primarily hydro and very low carbon (90%-95% carbon-free)
- ✓ **Reliable:** BPA generates at times like cold snaps and heat waves, when we most need power
- ✓ **Low cost:** Power is sold at cost (Currently ~ \$33/MWh)



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Update on Tacoma Power's next contract with BPA

About our next contract

- ✓ Current contract ends September 30, 2028
- ✓ Delivery under new "Provider of Choice" contract spans October 1, 2028 through September 30, 2044
- ✓ BPA's contract development & implementation process is long and involved and has been under way since mid-2022

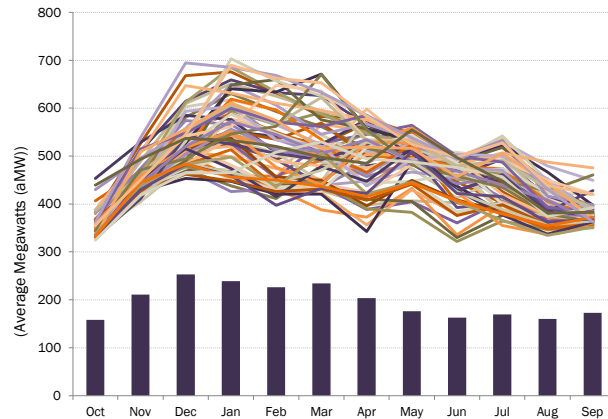


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Update on Tacoma Power's next contract with BPA

We plan to continue purchasing the same BPA product that we purchase today

- ✓ **Slice component:** Percentage share of federal system
- ✓ **Block component:** Monthly “block” of power (same amount in all hours)
- ✓ Thorough analysis of BPA's product offerings finds that **Slice/Block remains the best product option** for Tacoma Power customers because:
 - It puts us in the best position to meet customer demand into the future
 - It is the lowest cost option
 - It presents the least implementation risk



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Update on Tacoma Power's next contract with BPA

BPA product selection & contract execution timeline

- ✓ We have thoroughly analyzed BPA's product offerings and plan to continue purchasing the same “Slice/Block” product as we purchase today



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Thanks!

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