

BPA NEWS

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BONNEVILLE POWER ADMINISTRATION
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BPA: No increase to base power rates

Rates for both power and transmission in fiscal years 2020-2021 reflect efforts to manage costs and strengthen financial health

Portland, Ore. – The Bonneville Power Administration has established [rates for its power and transmission services](#) for the 2020-2021 rate period that reflect the agency’s significant efforts to manage program costs and strengthen financial health. BPA will not increase average wholesale base power rates, while the average transmission rate will increase by 3.6% for the two-year rate period beginning Oct. 1.

The flat base power rate keeps the average wholesale base power cost at \$35.62 per megawatt-hour and reflects BPA’s strategic objective to keep program costs at or below the rate of inflation through 2028. The flattening of the base power rate is largely due to reductions in the final projected program costs for fiscal years 2020 and 2021 of \$66 million per year.

“Through collaboration with our customers and partners throughout the region, we have worked hard to bend the cost curve and keep base power rates flat,” said BPA Administrator Elliot Mainzer. “It is also important to note, however, that there is an increasing likelihood of the Financial Reserves Policy surcharge being triggered in November. We want to signal this to our customers because it is consistent with our commitment to transparency and financial discipline.”

The Financial Reserves Policy surcharge was established to strengthen BPA’s financial health in keeping with the agency’s strategic and financial plans. It is designed to enable BPA to maintain at least 60 days cash on hand for both its Power and Transmission business lines.

Under the policy, the analysis to determine whether and by how much the surcharge will trigger will be completed in November of each year and can result in up to \$30 million per year being recovered for Power Services’ reserves. If the surcharge is implemented, which at this time appears likely, the effective power rate increase would be up to 1.5% for the two-year rate period. This amount is below the rate of inflation and less than BPA’s initial proposal for power rates.



“We have worked on fiscal discipline across the agency and with the U.S. Army Corps of Engineers, the Bureau of Reclamation, U.S. Fish and Wildlife Service, Energy Northwest and other regional partners,” said Michelle Manary, BPA’s chief financial officer. “This has placed us on a trajectory to meet our strategic plan commitment to hold program costs at or below the rate of inflation through 2028. Along with our disciplined approach to cost management, the ability of our trading floor to bring in additional revenues from forward market sales of surplus power has also been an important factor in helping to stabilize rates.”

The weighted average increase for transmission rates of 3.6% was set through a settlement of transmission and ancillary services rates as part of an effort by BPA to reach agreement with customers on terms and conditions of a new transmission tariff. In the absence of the settlement, the transmission rate increase was initially estimated to be 9.5%. The new tariff’s terms and conditions are foundational for the achievement of BPA’s strategic objective to operate a highly responsive and modernized transmission business.

“The base power rate, transmission tariff settlement and the Financial Reserves Policy surcharge are all important steps in positioning BPA for success in the rapidly changing energy industry,” said Mainzer. “BPA is actively responding to financial and operational challenges, creating new opportunities to leverage the clean and flexible attributes of the federal hydro system, and working with regional partners to further enhance BPA’s role as an engine of the Northwest’s economic prosperity and environmental sustainability.”

The rates will be sent to the Federal Energy Regulatory Commission for approval. The full approval process usually takes several months to a year, but BPA can apply the rates beginning Oct. 1, once it receives an interim approval order from FERC.

BPA is a federal power marketing administration that receives no congressional appropriations and must recover its costs through its rates. The new rates will affect local retail utilities differently depending on the amount of power and type of services they purchase from BPA. Local utilities ultimately determine the impact of BPA’s rates on individual businesses and residents.

About BPA

The Bonneville Power Administration, headquartered in Portland, Oregon, is a nonprofit federal power marketer that sells wholesale electricity from 31 federal dams and one nuclear plant to 143 Northwest electric utilities, serving millions of consumers and businesses in Washington, Oregon, Idaho, western Montana and parts of California, Nevada, Utah and Wyoming. BPA delivers power via more than 15,000 circuit miles of lines and 261 substations to 546 transmission customers. In all, BPA markets about a third of the electricity generated in the Northwest. BPA also funds one of the largest fish and wildlife programs in the nation, and, with its partners, pursues cost-effective energy savings and operational solutions that help maintain affordable, reliable and clean electric power for the Northwest. www.bpa.gov