

To: Director Stuhr and Deputy Director Solmer
From: Melissa Merrell, PUB Analyst
Re: Consolidated Board Questions on the Hydroelectric Contracts
On: August 21, 2017

The members of the board request your consideration of the following questions prior to their meeting on August 24:

General Questions

1. Did PWB consider establishing a process by which the City could sell any generated power on the spot market? If not, why not?
2. What does "nameplate capacity rating of 36 MW" mean?

Council Item 908 PGA Power Purchase Agreement

3. What and how does the scheduler set the schedule? There are references to product delivery on a monthly, daily, and hourly basis. How does this work exactly? Explain Exhibit D
4. Section 1.36: The definition of the "Interest Rates" is either the prime rate or the "maximum rate permitted by Applicable Law." What is the maximum rate?
5. Section 1.40: What is included in "economic loss?" What discount rate is used to calculate the NPV? What is a "commercially reasonable manner?"
6. Section 1.52: In the past, on average, what were the number of hours per calendar year that the generators (in each powerhouse) were mechanically and electrically capable of producing energy at the nameplate capacity rating of 36MW?
7. Section 3.7: Why does the City pay for all metering equipment costs?
8. Section 3.10: What is the generating capacity of the Project? Why can there be no planned outages between October 1 and February 28? If planned outages are shorter than planned, the extra power generated must be sold to PGE at the lower price? Why? What if PWB can't give at least 5 business days' notice?

9. Section 3.14: Why can't the City register as a participating resource in any energy market? What if there is excess power to sell?

10. Section 4.1-4.2: If there is a seller failure, then the buyer records the seller's (city's) 'under-delivery' and the market index price, and the fixed price? But if the buyer fails to accept the product and the seller resells the product to a third party, the seller must credit the buyer's account with that sale.
 - a. What's the difference between the market index price and the fixed price? Do they both figure into what the buyer pays the seller?
 - b. Referencing 3.14, how does the city/seller sell the product if they are not registered as a participating resource in any energy market?
 - c. It sure sounds like the city gets the short end of the stick in either failure scenario.