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October 6, 2026

MEMORANDUM

TO: Council Members

FROM: Nathaniel Clayville

SUBJECT: PNGC Power: BPA Contract Decisions and Resource Development Update

BACKGROUND:

Presenter: Jessica Matlock, President & CEO at PNGC Power

Summary: Pacific Northwest Generating Cooperative's (PNGC Power) presentation will brief the Council on PNGC Power members' power supply decisions, including their approach to Bonneville Power Administration contracts and anticipated Tier 2 purchases. The presentation will also discuss how these decisions fit into PNGC's broader strategy for meeting members' electricity needs and managing costs and reliability risks. The presentation will also provide an update on PNGC's natural gas generation project and its anticipated role in the cooperative's resource portfolio.

Background: At the October 2025 Council meeting, PNGC described its approach to addressing projected energy and capacity needs beyond its members' BPA Tier 1 allocations. That discussion included acquiring nonfederal power supplies and developing additional generation. This presentation will provide an update on those efforts, with particular attention to how PNGC and its members are combining BPA purchases with other resources.

The discussion will offer a customer perspective on BPA contracting and resource acquisition as the Council considers the draft Ninth Power Plan. Matlock may also

share PNGC's perspectives on the draft plan before the public comment period closes October 16.

More info: PNGC's October 2025 Council presentation and discussion:
<https://www.nwcouncil.org/news/2025/10/29/pngc-electricity-planning-idaho-power-grid-enhancing-technologies/>

PNGC Power Highlights: <https://www.pngcpower.com/about/pngc-power-highlights/>

PNGC's Resource & IRP Planning overview (how PNGC plans for reliability and cost): <https://www.pngcpower.com/capabilities/power-planning/>

PNGC's Portfolio Modeling (risk–cost tradeoff analytics for adequacy and markets): <https://www.pngcpower.com/capabilities/portfolio-modeling/>

JOE & BPA context (Tier 1/Tier 2, contract structure, aggregation):
<https://www.pngcpower.com/services/electricity-supply/>
<https://www.pngcpower.com/about/financial-information/>

NWPCC

Jessica Matlock, President & CEO, PNGC Power

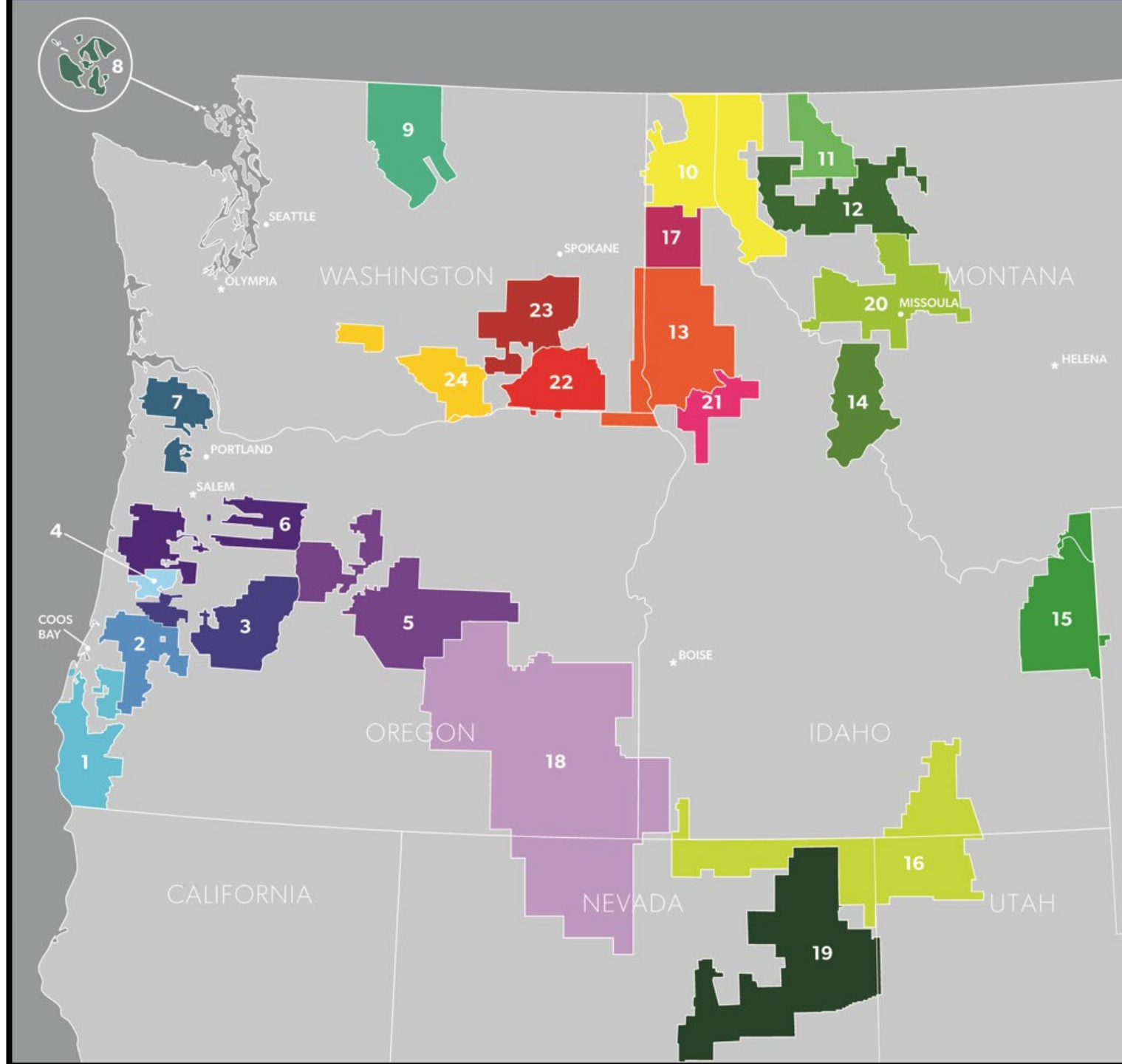
October 15, 2026

PNGC Power

Smart. Local. Connected.

Who PNGC Power?

- ▶ 24 member cooperatives across seven western states
- ▶ More than 390,000 homes and businesses served
- ▶ One of Bonneville's largest customers
- ▶ Joint Operating Entity – increases opportunities that single cooperatives/utilities do not have
- ▶ Local control and governed by its members

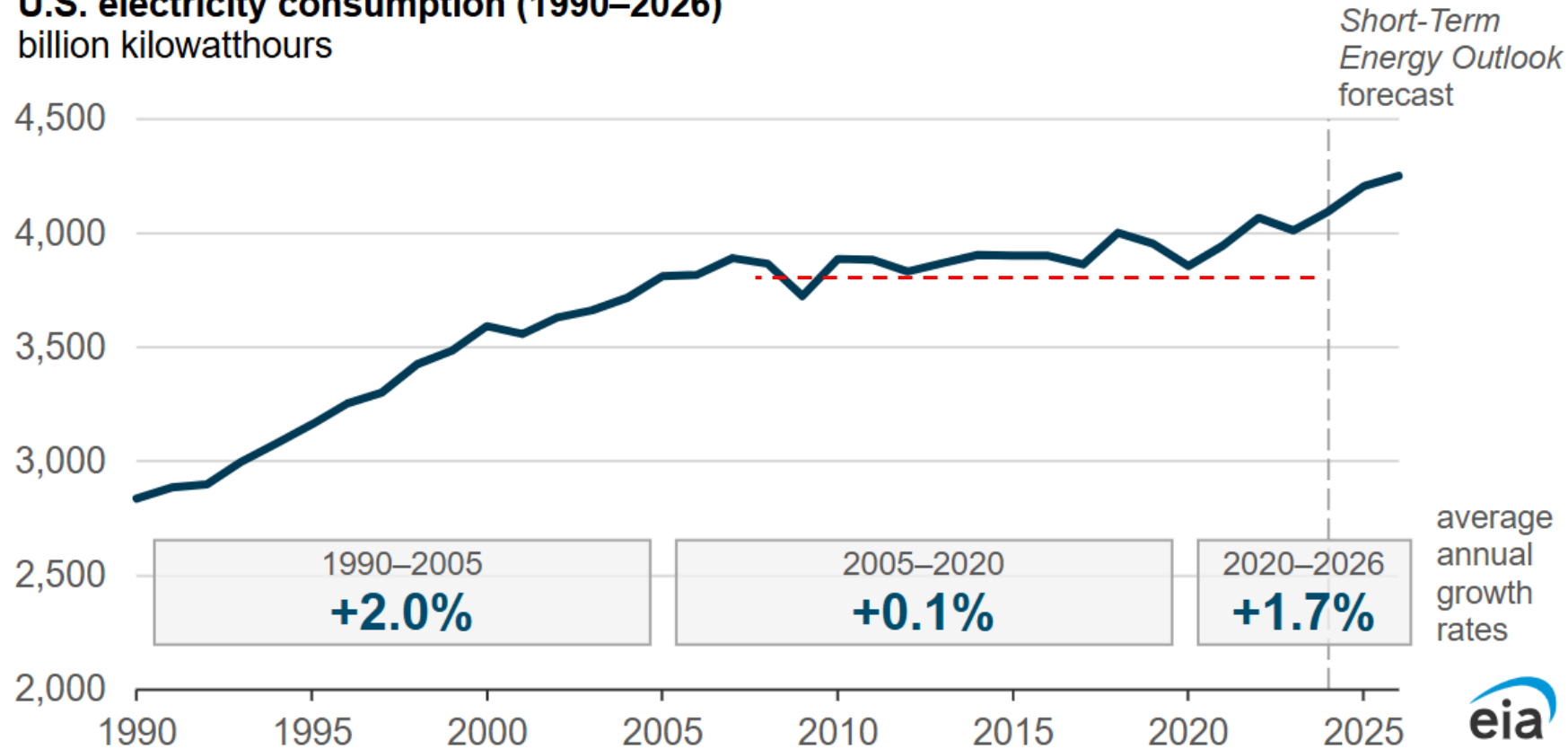




Landscape

DEMAND: *After more than a decade of little change, U.S. electricity consumption is rising again.*

U.S. electricity consumption (1990–2026)
billion kilowatthours



Data source: U.S. Energy Information Administration, [Monthly Energy Review](#) and [Short-Term Energy Outlook](#), May 2025
Data values: [Electricity Overview](#) (history) and [U.S. Electricity Industry Overview](#) (forecast)

The Regional Challenge

The Northwest increasingly needs firm capacity — not just annual energy.

6–9 GW

Projected Northwest
shortfall in coming
years

1.7%

Average load
forecast growth
range

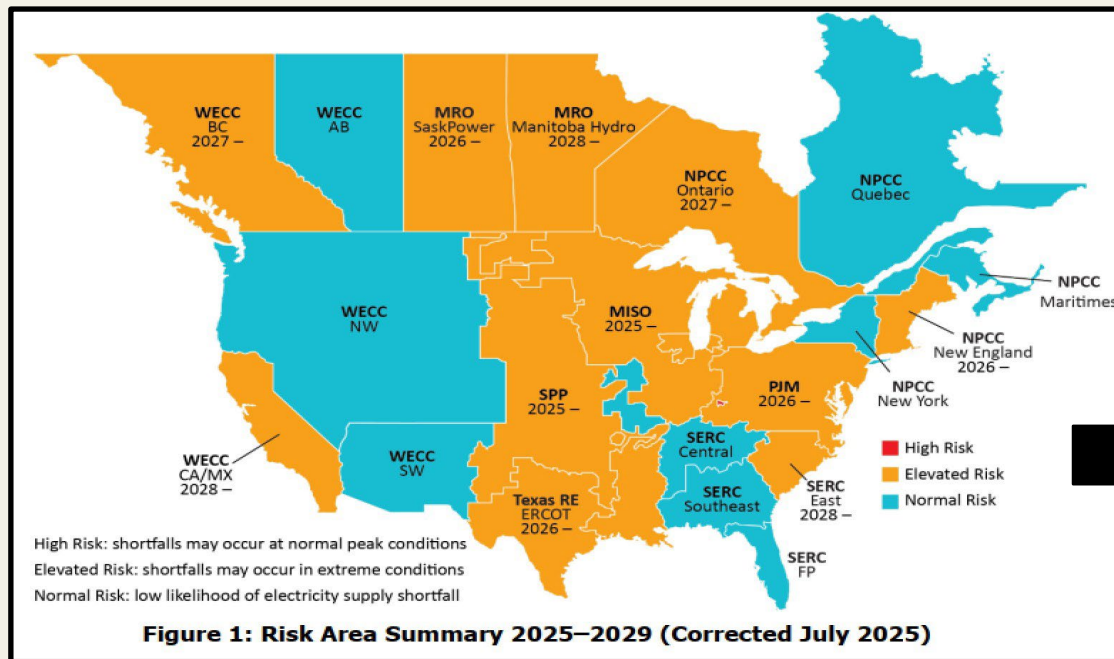
What is changing?

- Load growth, electrification and new large-load interest are tightening reserve margins.
- Thermal retirements and variable output are increasing the value of dispatchable resources.
- Hydro remains the backbone of public power supply, but it cannot carry every new reliability obligation alone.

Reliability is moving to the forefront of regional dialogue.

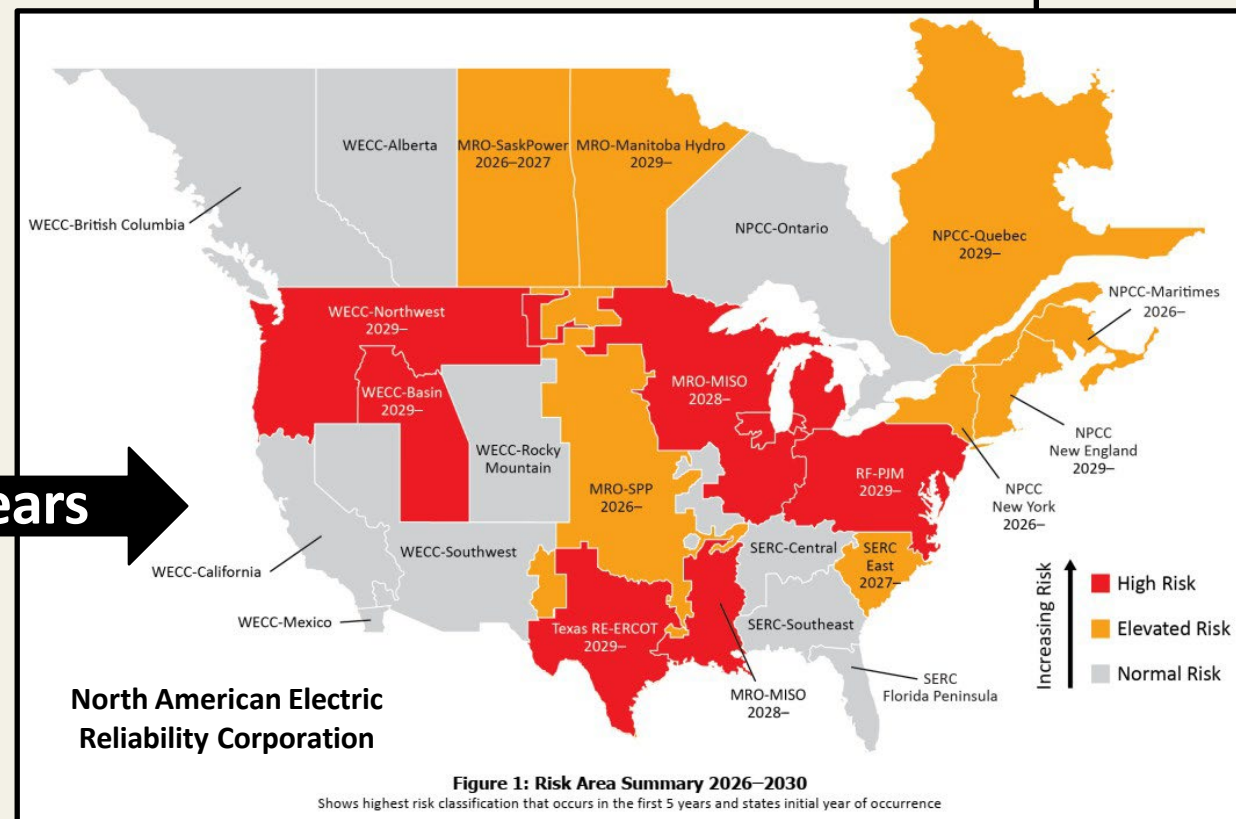


NERC 2024 Long-Term Reliability Assessment



North American Electric Reliability Corporation

NERC 2026 Long-Term Reliability Assessment



North American Electric Reliability Corporation

2 Years

As older fossil-fired generators retire and are replaced by more solar PV and wind resources, the resource mix is becoming increasingly variable and weather-dependent. Solar PV, wind, and other variable energy resources (VER) contribute some fraction of their nameplate capacity output to serving demand based on the energy-producing inputs (e.g., solar irradiance, wind speed). The new resources also have different physical and operating characteristics from the generators that they are replacing, affecting the essential reliability services (ERS) that the resource mix provides. As generators are deactivated and replaced by new types of resources, ERS must still be maintained for the grid to operate reliably.

other large loads that drive escalating demand forecasts. Most new resources in development to come on-line in the next five years consist of battery storage and solar photovoltaic (PV), which are inverter-based and weather-dependent resources that increase the complexity of planning and operating a reliable grid. Meanwhile, more fossil-fired generator retirements loom in the next five years, reducing the amount of generation that has fuel on site and impacting the system's ability to respond to spikes in demand. The continuing shift in the resource mix toward weather-dependent resources and less fuel diversity increases risks of supply shortfalls during winter months. As Resource

Northwest build rate is lagging behind the rest of the WECC

+ Capacity additions since 2019, nameplate:

- Northwest: 7 GW
- Southwest: 17 GW
- California: 24 GW

+ Capacity additions, ELCC (approximate):

- Northwest: 900 MW
- Southwest: 3,500 MW
- California: 13,000 MW

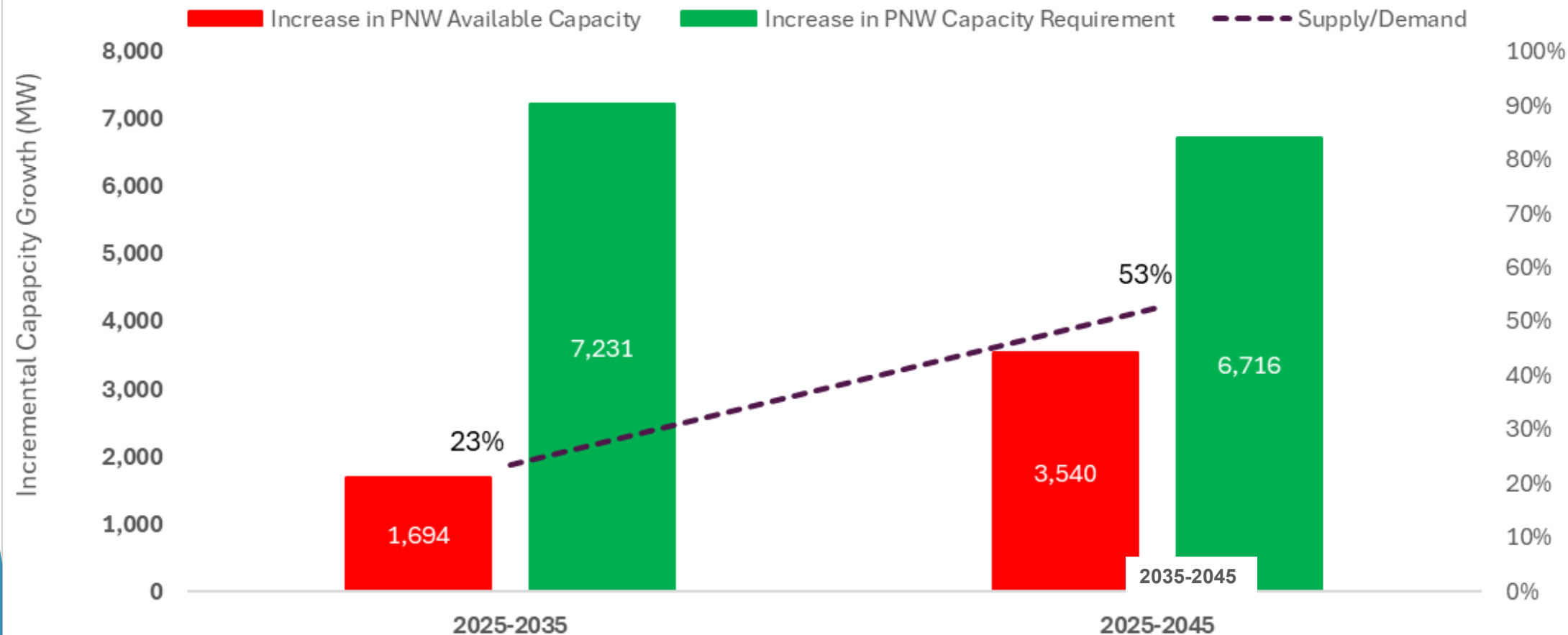
+ Most new NW resources in UT/WY area

Capacity Additions (2019-Present)



PNW Under-Supply Risk is Acute 2025-2035

PNW Growth in Supply NOT keeping up with Demand



BPA 2026-2030 Strategy: BPA is changing the model

The strategic plan is clear about where BPA wants customers to take a larger role.

“ BPA will encourage the development of transmission, power generation and storage for and by those utilities who need it.”

The plan also says marginal energy and capacity price signals should let customers choose whether to buy from BPA or deploy their own resources.

BPA 2026–2030 Strategic Plan

What stays foundational

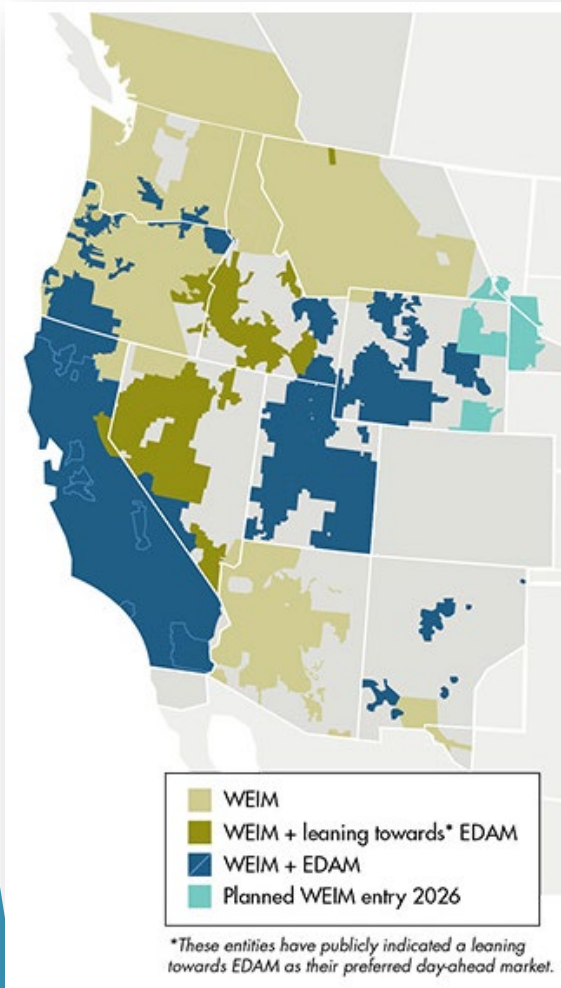
- Low-cost Tier 1 hydro + nuclear
- Federal transmission system
- Regional reliability and market role

What shifts toward customers

- How to serve load growth above Tier 1
- Capacity / resource adequacy decisions
- More explicit price signals and risk allocation

BPA is encouraging utilities to start planning and building their own future instead of relying on BPA for everything. BPA is warning that costs will increase and are shifting risk to customers.

Resource Adequacy – EDAM VS. MARKETS +



EDAM

- ▶ No Resource Adequacy requirements, although discussions are underway
- ▶ Requires Day-Ahead resource sufficiency
- ▶ Governance Issue (ROWE the answer?)



Markets +

- ▶ Requires participation in WRAP
- ▶ Must offer obligation with 7-month forward showing
- ▶ Smaller footprint and not as mature



BPA Price and Risk increases

- ▶ Resource acquisitions to serve Above-CHWM obligations is a significant source of uncertainty. BPA has not conducted these processes in decades and customers will have no input into the decision-making processes
- ▶ Resource adequacy compliance arrives with real penalties, and regional competition for limited resources will make acquisitions more expensive
- ▶ Transmission planning is being rewritten. Requests received after January 2026 wait for BPA's future-state process
- ▶ BPA's financial policy refresh points toward higher reserves, a larger cost recovery clause, and program costs no longer held to inflation – which means an increase in rates to meet these policies and BPA holding more of your cash
- ▶ Residential Exchange, Columbia River System Operations litigation and lower Snake River Dam replacement all present upward rate pressure & considerable risks that will require resources to mitigate impacts

PNGC: Portfolio Strategy

BPA TIER 1

Low-cost federal hydro + nuclear foundation

Protect it

PHASE 1 + RENEWABLES

Stateline • Ponderosa • Culver + storage

Add low-cost energy

BRIDGE POWER

Capacity-backed supply through the transition

Cover 2029–32

WHITE PINE

Firm dispatchable capacity

**Anchor reliable energy and
capacity**

MARKETS + WRAP

Dispatch, balancing and regional diversity

Optimize the portfolio

**Member strategy: keep the cheapest federal power —
then use PNGC scale to make the next megawatt as reliable & affordable as possible,
increase local control & rate stability for members**

Challenges to Filling Energy Needs

✓ *Sources of uncertainty*

- *Supply Chain*
- *Qualified Developers and EPC firms*
- *Geopolitical winds*

✓ *Landscape*

- *Competition for resources*
- *Grant funding and requirements*
- *State regulatory and compliance*

✓ *Delivery Risk*

- *Commercial Operation Dates*
- *Interconnection & transmission availability*
- *BPA contract requirements*

✓ *Operational*

- *Firming and shaping*
- *Fuel supply*
- *Staffing*

PNGC Resource projects

- ▶ **Culver solar and storage:** permits, elections and system impact studies complete. Construction to start by July 2027, with commercial operation targeted September 30, 2028
- ▶ **Ponderosa solar:** a 190 MW, 20-year power purchase agreement, with grant, commercial operation targeted in 2028
- ▶ **Ravalli battery storage (cooperative specific project):** construction underway and grant funded
- ▶ **Bridge Power:** participant shares agreement covering above-high-water-mark load for operating years 2029 through 2032, with the first market transaction expected late in 2026

PNGC Power & White Pine LLC

Building firm capacity for a reliable and affordable
Northwest

*A cooperative resource strategy for growing demand,
winter peaks, and tightening regional capacity.*



White Pine: firm power sized for the need

A proposed state-of-the-art combined-cycle resource in Rathdrum, Idaho.

≈600 MW

Dispatchable capacity
for regional reliability

CCGT

Efficient combined-
cycle design

50% H₂

Hydrogen blend
potential

~2032/33

Targeted operation
window

**Converted to SMR at end
of life?**

Purpose: reliable, around-the-clock capacity that complements the existing portfolio and lowers exposure to volatile wholesale market purchases.



Shaping PNGC's Future

Strategic alignment turns multiple regional pressures into one coordinated plan.



Questions?