

March 17, 2023

Submitted via email to [post2028@bpa.gov](mailto:post2028@bpa.gov)

Northwest Requirements Utilities (“NRU”) submits these comments to respond to several issues that were raised at the March 9 Provider of Choice Workshops held by Bonneville Power Administration (BPA). NRU represents the interests of 57 Load-Following customers that hold Network Transmission contracts with BPA. NRU members are located in 7 states across the region and represent roughly 30% of BPA’s Tier 1 load. Of primary importance to NRU members is BPA’s continued ability to offer affordable and reliable power supply and transmission services, and durable contract options that maximize the value of the federal system for the benefit of preference customers.

NRU appreciates the extensive and thoughtful work by BPA staff to establish proposed policy positions and approaches for the post-2028 contracts. NRU recognizes that there are tough decisions ahead for BPA, and balancing the varied interests among preference customers is not an easy task. As we reflect on the current set of elements associated with BPA’s policy package, we find that there is a disconnect between the direction outlined by BPA and the direction and needs of our membership and other utilities that have expressed support for the NRU Proposal submitted February 8 for BPA’s consideration. Our goal is to find greater alignment in BPA’s policy approach to key issues that have large impacts for our members and their communities.

NRU requests that BPA reconsider proposals to expand the Tier 1 system to enable more Tier 1 power for utilities with a load need and to enable additional access to Tier 1 power to help meet future load needs through augmentation applied pro rata until the system size is 7500 aMW. We are at a point in time where our members urge BPA to not just protect the current system but enhance and maximize its capabilities to meet a variety of differently situated preference customer needs. We believe this approach will drive policy elements that create equitable starting points for preference utilities – with an eye to the future and what needs to be done to ensure the system and preference provide durable value.

Below is more specific feedback on policy elements covered in the March 9 workshop, aligning, and expanding on NRU’s policy proposal. This feedback is provided in order of the topics that were covered at the workshop.

**CHWM: Economic Adjustment Proposal** - NRU appreciates the proposal to incorporate an economic adjustment to utility Contract High Water Marks (CHWM) through a load-specific adjustment. BPA’s proposed requirements that the specific load would be metered and online during Regional Dialogue

align with NRU's Proposal, although NRU offers that BPA could consider providing an adjustment solely if the load is considered "Contracted For Committed To" load to further specify the types of load that could qualify for an adjustment. And, rather than constraining the adjustment to CHWMs, NRU proposes that the adjustment could be applied as an increase the Tier 1 System size, much like new utilities, tribal load growth, U.S. DOE vitrification, or the small utility adjustment contemplated by BPA. By incorporating this load as a system size adjustment, BPA could provide a more expansive timeframe by which the load would return to recognize current inflationary and supply chain factors and allow additional time for BPA to determine that the load is persistent. NRU recommends requiring the load to return by 2033 to qualify for this adjustment. Additionally, NRU is interested in other concepts that recognize economic impacts to customers and may submit future comments regarding a potential approach for BPA's consideration.

**CHWM: New Specified Resources** - NRU respectfully recommends that BPA reconsider its proposal and establish adjustments for both conservation and new renewables. To date BPA has indicated that one reason for adjustments to CHWM is to be "consistent with Regional Dialogue policy objectives associated with conservation and/or resource development". To the extent that BPA retains this policy objective, providing an adjustment for resource development in specified resources should be included. NRU recommends providing a credit for 100% of new resource investments made during Regional Dialogue, including PURPA resources.

**CHWM: Load Growth Adjustment** - NRU respectfully recommends that BPA reconsider its proposal and incorporate more load growth into the Tier 1 system. A 25% credit for load growth, based on 2023 load numbers, leaves 244 aMW of Above-High Water Mark Load (A-HWML), compared to BPA's previous proposals that would have left 65 aMW of A-HWML based on 2026 load numbers. The reasoning for the movement in this direction is unclear and is not responsive to proposals that request an increased access to power sold at Tier 1 rates. We believe this approach does not result in an equitable outcome across public power, and if utilizing 2023 as the base year we recommend an adjustment to incorporate 50% of increased load between 2012 and 2023 into the calculation.

**CHWM: Pro Rata Scale Up** - In order to meet utility load needs now and into the future, NRU recommends that BPA reconsider its proposal and expand CHWMs for all utilities *pro rata* until the system size equals 7500 aMW. Forecasts of costs to expand the system indicate there are cost-effective ways to do so and differently situated utilities have come together to support this proposal.

**System Size: Approach to Determining System Size / Resource Acquisition** - While NRU supports setting the Tier 1 system size at the sum of CHWMs. NRU also believes there are significant benefits to providing more expansive adjustments and increase the system size of 7500 aMW to be grown as load and net requirements materialize and utilizing BPA's resource planning process. Identifying a target system size and determining the approach to CHWMs at the higher size will maximize preference for utilities in the region and enhance and diversify the federal system to respond to future challenges. NRU supports and has offered a balanced package providing additional Tier 1 access to a larger number of utilities.

**System Size: Changes Under Fixed System / Threshold Proposal** - NRU recommends that rather than adopting the threshold approach whereby federal capability would potentially trigger a review and adjustment of utility CHWMs, BPA adopt a fixed system size of 7500 aMW to provide long-term planning certainty to both preference customers and to BPA. Under the fixed system approach utilities would not experience an adjustment to CHWMs, either up or down, allowing for longer-term planning certainty. Additionally, the fixed system approach aligns with BPA's foundational policy element to "Provide certainty in amount of Tier 1 service for the duration of the contracts," which is an element supported by NRU.

**System Size: Adjustment Categories** - Regarding adjustment categories that would impact the Tier 1 system size, NRU recommends, as outlined above, that single returning loads that meet certain conditions be included in these adjustment categories. NRU further recommends that any "adjustments" are served through an increase in the Tier 1 system, rather than reducing Tier 1 access for existing preference loads, and that any limitation on the total level of adjustments is determined through public process.

**Non-Federal Transfer Service** - NRU continues to strongly support Transfer customers and directly connected customers being treated equitably. This requires, at a minimum, continuing to roll the costs of the last leg of transmission for non-federal load service into the Tier 1 cost pool. Additionally, NRU believes that BPA's proposed inclusion of only "physical, local resources" is untenable, and recommends pushing back on what amounts to geographic discrimination against transfer customer loads. If BPA is interested in expanded customer development of physical, local resources, staff proposes recommending that BPA consider enhancing the Short-Distance Discount to directly incentivize such an outcome, in lieu of penalizing the entire category of Transfer Service customers with their proposed policy approach. Finally, NRU believes there is an opportunity to collaborate with a broader subsection of public power interests on this issue and will share more information as soon as we are able.

**Carbon Planning** - NRU appreciates BPA's review of its strategic plan, notification that it intends to eliminate remarketing service for renewable energy credits on behalf of its customers, and its approach to determining whether it will assume the First Jurisdictional Deliverer role on behalf of a Washington utility that has expressed that interest. NRU recommends further discussion of eliminating the remarketing service to customers and questions whether it is a Post-2028 Policy issue or one that could be addressed later in the process. While BPA not providing this service to customers could have some downsides, especially to small customers, other entities or the utility itself could perform this function and may be able to do it more cost-effectively.

Thank you for considering these comments. We look forward to continuing to work with you to develop durable and supportable post-2028 contracts for preference customers.

Sincerely,

**/s/ Tashiana Wangler**

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