

September 3, 2021

Via Electronic Submission

John Hairston
Administrator and Chief Executive Officer
Bonneville Power Administration
911 NE 11th Avenue
Portland, OR 97232

Re: BPA's Draft Decision to Participate in the Northwest Power Pool Resource Adequacy Program Phase 3A

Dear Administrator Hairston:

The Alliance of Western Energy Consumers (“AWEC”) appreciates the opportunity to provide feedback on Bonneville Power Administration’s (“BPA” or “Agency”) Draft Decision to Participate in the Northwest Power Pool (“NWPP”) Resource Adequacy (“RA”) Program Phase 3A published August 20, 2021. Phase 3A consists of the Non-Binding Forward Showing (“FS”) portion of the NWPP RA Program. Participation in Phase 3A will enable BPA “to work with its customers to address any remaining issues that may affect [BPA’s] potential decision to join the Phase 3B Binding Program.”^{1/}

BPA as the Load Responsible Entity

Under the NWPP RA Program, a Load Responsible Entity (“LRE”) “(i) owns, controls, and/or purchases capacity resources, or is a Federal Power Marketing Agency, and (ii) has the obligation, either through statute, rule, contract, or otherwise, to meet energy or system loads at all hours. Subject to the aforementioned criteria, an LRE may be a load serving entity (“LSE”) or either an agent or otherwise designated as responsible for an LSE or multiple LSEs or load service under the RA Program.”^{2/} Although, as acknowledged by BPA, there are still many unknowns associated with RA challenges facing LREs, BPA asserts that participation in Phase 3A “will allow [BPA] to be more effective at addressing the interests of the [A]gency and [its] customers, as well as the region’s concerns about potential capacity shortfalls and the direction of any future resource adequacy requirements that may affect the Pacific Northwest.”^{3/}

^{1/} Bonneville Power Administration, Bonneville’s draft decision to participate in the Northwest Power Pool Resource Adequacy Program Phase 3A, at 1 (Aug. 20, 2021).

^{2/} Id. at n.3.

^{3/} Id. at 3.

A number of customers, including load-following customers that serve AWEC members, have expressed concern regarding how BPA's participation as LRE on behalf of those customers will ultimately affect utilities and end use consumers. It appears that BPA's participation in the non-binding Phase 3A may serve as an appropriate trial run to help the region understand, and potentially become comfortable with the LRE framework.

Costs and Benefits of Participation in Phase 3A

Beyond committed Phase 3A costs, BPA's participation in Phase 3A has no financial or operational consequences. BPA states that the Agency's participation will support the following broader outcomes of the NWPP RA Program: “[a] clear, uniform standard with accountability and commitment from each participant; [p]arameters around how much capacity each participant is responsible for providing; [t]ransparency and standardization around the resources and transmission plans relied upon by participants to assure resource adequacy; [and] [c]ost and resource savings through diversity benefits gained from measuring the overall resource adequacy needs across the program's footprint.”^{4/} AWEC, like BPA, is interested in the learnings that will be produced from the non-binding phase of the NWPP RA Program in order to assess the extent that the broader outcomes put forth by BPA will materialize once the binding phase of the program begins.

According to BPA, the NWPP RA Program will aid the Agency in meeting “its long-term power sales contract obligations to supply firm power to its regional power customers.” Notably, BPA is proposing to meet the RA requirements of its Load Following customers, whereas Slice/Block customers would be responsible for individually meeting their RA requirements.^{5/} BPA states that through the in the NWPP RA Program, participants may “reduce dependency on the spot market and encourage the development of resources with dependable capacity, which in turn would reduce the volatility of the spot market.”^{6/} Ultimately, it is BPA's position that the NWPP RA Program “could result in a reduction in reliability risks, less volatility of the spot market, and the potential for additional product options (both sales and purchases), translating into realized benefits for [BPA's] customers and the region.”^{7/} AWEC agrees with the goals of reduced volatility, additional optionality, and increased reliability. However, it is critical to understand the cost of such improvements in order to fully evaluate the tradeoffs. It is likely that participation in Phase 3A will provide useful data for BPA and its customers.

^{4/} Bonneville Power Administration, Bonneville's draft decision to participate in the Northwest Power Pool Resource Adequacy Program Phase 3A, at 3 (Aug. 20, 2021).

^{5/} Bonneville Power Administration, BPA and the NWPP Resource Adequacy Program, at 42 (July 29, 2021).

^{6/} Bonneville Power Administration, Bonneville's draft decision to participate in the Northwest Power Pool Resource Adequacy Program Phase 3A, at 4 (Aug. 20, 2021).

^{7/} Id.

Decision Process for Phase 3B

Subsequent to BPA’s decision to participate in Phase 3A, the Agency will assess the business case for participation in the Phase 3B Binding Program of the NWPP RA Program. BPA puts forth the following timeline for the Phase 3B decision process:

1. Continue informal Bonneville engagement with customers and stakeholders (summer 2021 – ongoing)
2. Agency evaluation of NWPP Resource Adequacy Program risks (fall 2022)
3. Bonneville public meetings and stakeholder input (fall/winter 2022)
4. Finalize Bonneville’s Binding Program business case (fall/winter 2022)
5. Issue proposed decision regarding participation in the Phase 3B Binding Program for public comment (fall/winter 2022)
6. Issue final decision regarding participation in the Phase 3B Binding Program in Decision Document/Closeout Letter (fall/winter 2022)^{8/}

AWEC supports continued engagement between BPA and customers throughout the Phase 3B process. AWEC encourages BPA to specifically commit to facilitating a policy development process with stakeholders. Further, AWEC requests that BPA commit to potentially conducting a mini-7(i) process in accordance with the Northwest Power Act during the BP-22 period to explore the myriad aspects of the more impactful binding FS Phase 3B portion of the NWPP RA Program prior to issuing its final decision regarding participation in Phase 3B of the program.

Given the information provided by BPA regarding the Agency’s participation in the NWPP RA Program, it is necessary to fully understand how the costs and benefits would flow through to new large single loads (“NLSLs”) in Phase 3B prior to BPA’s decision to participate in the binding portion of the NWPP RA Program. Failure on behalf of BPA to meet this need will inhibit the ability of customers to provide comments on the Agency’s decision in a more informed manner. According to BPA, the decision to participate in Phase 3B will take place in fall/winter 2022, with binding FS by March 31, 2023 and a cure period that falls within the BP-22 rate period. This timing is concerning absent a rate case to further flesh out the rate impacts of the binding FS phase.

In the course of exploring how to implement the NWPP RA Program participation, we encourage BPA and NWPP to consider allowing Independent Power Producers (“IPPs”) to meet the RA requirements for the NLSLs they serve, if a Consumer-Owned Utility (“COU”) has contracted with the IPP to meet the NLSL energy needs, rather than service from

^{8/} Id. at 5.



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BPA at an NR rate. Conceptually this treatment could be considered parallel or comparable to how, in an Investor-Owned Utility (“IOU”) service territory, the IPP may be the LRE for the portion of load it serves. This treatment could not only limit RA cost exposures to BPA, the COU, and the NLSL it serves, but also avoid more complicated implementation steps.

/s/ John Carr
Executive Director
Alliance of Western Energy Consumers