



May 9, 2023

Submitted via email.

Suzanne Cooper
Senior Vice President, Power Services

Kim Thompson
Vice President, Northwest Requirements Marketing

Bonneville Power Administration
Portland, OR 97232

Dear Suzanne and Kim:

Thank you again for the opportunity to participate in the Provider of Choice process. Northwest Requirements Utilities (NRU) represents the interests of 57 member utilities located in 7 states throughout the region, all of which are BPA Load Following and Network Transmission customers, and that together represent about 30% of BPA's Tier 1 load. PNGC represents the interests of its 16 member utilities located in 7 states and 8 balancing authorities across the region.

NRU and PNGC submit these comments as a supplement to previous comments on system size, allocation, and augmentation issues that the Bonneville Power Administration (BPA) will address in its forthcoming draft Provider of Choice policy record of decision (ROD).

As you know, NRU provided a comprehensive and carefully crafted set of recommendations on system size, allocation, augmentation and other related issues in early February of this year (the "NRU Proposal"). PNGC supported this proposal. We continue to believe that the NRU Proposal, which includes a Tier 1 system size of 7500 aMW, is a balanced and equitable policy package that is fair to our members and fair to public power. Our members and other preference customers believe moving to this larger system size will support the value of preference into the future, and we hope BPA will reflect the considerable support for that approach in its policy ROD.

At the same time, we acknowledge that some in public power now support a Tier 1 system size of 7250 aMW.

Regardless of the Tier 1 system size that BPA ultimately chooses, whether that system size is 7500 aMW, 7250 aMW, or something else, BPA should provide a balanced and equitable Tier 1 system size, allocation, and augmentation policy for differently situated utilities that fits together as a package.

Specifically, regardless of system size, we support:

- a. A base Contract High Water Mark (CHWM) that includes a credit of **50%** of Regional Dialogue load growth for calculation of CHWMs. A 25% credit, as BPA has proposed, would leave a higher percentage of some utilities' portfolios subject to volatile rates and result in an unbalanced policy.
- b. A base CHWM that includes a credit for resource investments during the Regional Dialogue contract term that were dedicated to serve load to ensure the investments made by these utilities to meet A-HWML do not impact their CHWMs under the Provider of Choice contracts. Such a credit has broad support across public power.
- c. Augmentation over the base CHWMs, calculated as above with a 50% load growth credit and credit for Regional Dialogue investments, shared on proportional basis amongst all preference customers.
- d. Robust Tier 2 options, including more election opportunities to move between the Long-Term Tier 2 Rate and Flexible Above-High Water Mark Path. NRU and PNGC continue to support using firm surplus inventory for Tier 2 products at embedded cost.
- e. Transfer service as it functions today, including for non-federal power.
- f. A revised process that more directly and transparently provides a right of first refusal for preference customers to purchase surplus power before it is sold off in wholesale markets or bilateral contracts.
- g. A triggering of a public process if there is a major loss of federal base system resources.
- h. Equitable terms for federal and non-federal resource options.
- i. Maintaining the Low Density Discount at the same overall value as under Regional Dialogue, and with graduated scale down provisions as provided in our previous comments.
- j. Maintaining the Irrigation Rate Discount at the same overall value as under Regional Dialogue.

If BPA chooses a system size of less than 7500, then:

- a. Except for narrow exceptions for major loss of federal base system resources as outlined above and additions to the Tier 1 system for newly formed public utilities, load growth for all tribal utilities, the small utility adjustment, and single, large lost loads that return by the end of 2033, **the Tier 1 system size must be fixed for the duration of the Provider of Choice contract.** This means that any additional firm inventory, including any newly available firm inventory from Columbia River Treaty reform, Columbia Generating System uprate, or any other source, would be made available to preference customers as a Tier 2 product at cost.
- b. BPA should ensure that non-growing and slow growing utilities are not harmed by the decrease in available Tier 1 power.
- c. BPA should consider a CHWM credit for residential load to protect residential customers.

Please feel free to contact us if you have any questions about these comments.

Sincerely,

Zabyn Towner
Chief Executive Officer
Northwest Requirements Utilities

Erin Erben
Sr. Vice President of Power Supply and Strategy
PNGC Power