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

### **Comments on December 8<sup>th</sup> and 14<sup>th</sup> Provider of Choice Workshops**

Thank you for the opportunity to comment on BPA's Provider of Choice Workshops held on December 8<sup>th</sup> and 14<sup>th</sup>.

We appreciate that BPA's workshops offer a platform for parties' positions to be heard, including giving Seattle City Light (City Light) the opportunity to present our concerns and proposals alongside Tacoma Public Utilities and Snohomish Public Utility District in the December 14<sup>th</sup> workshop. City Light would like to reiterate a few of the points made in our presentation, as well as provide our response to select proposals made by BPA and other parties in both the December 8<sup>th</sup> and 14<sup>th</sup> workshops.

First, **City Light supports a balanced approach to system size and allocation.** The "No Worse Off" framework presented by the Western Public Agency Group (WPAG) in the November 9<sup>th</sup>, 2022 Provider of Choice workshop is a promising start to a compromise position. The approach seeks to minimize the number of customers who would be worse off under the post-2028 contracts versus Regional Dialogue (RD). By having compromise for the contract high water mark (CHWM) allocations for customers that are conserving, have growing load, and have flat load, and providing pro-rata allocations of augmentation, WPAG's No Worse Off framework increases the number of customers who would have headroom and decreases the number of customers who would have above rate period high water mark (AHWM).

City Light also acknowledges that many developments in the post-2028 contracts will be impactful to customers with diverse needs and interests, so compromise is necessary to achieve an equitable outcome. Starting with the intention to have no one worse off in terms of access to resources from the Federal System (and costs to procure same) than they are under the current contractual paradigm, can help achieve compromise and help minimize the number of parties adversely impacted by a proposal.

Second, **BPA should continue with a tiered rate structure in the post-2028 contracts and continue to send a marginal cost price signal.** Tiered and marginal cost-based rate structures provide price signals for customers when considering whether or not to procure non-federal resources.

Third, **BPA should design its Provider of Choice framework with an eye to encouraging utilities to develop non-federal resources.** We share the concerns raised by other customers that BPA's current policies discourage non-federal resource development. City Light encourages BPA to develop some alternatives to the existing Resource Support Service (RSS) product. City Light encourages BPA to offer more than one RSS product with consideration that the product be an attractive one to customers.

Fourth, **investments made to prepare for future load growth should help contribute to coming electrification load.** As presented by City Light in the Puget Sound Utilities slides from December 14th and re-iterating City Light's November 22<sup>nd</sup> comments: our total retail load is currently in a declining phase, due to aggressive investments in energy efficiency, and our lowest load in decades is expected to occur in FY-2026, before electrification begins to move the curve upwards. City Light is naturally concerned that if our CHWM is reset based on our loads on or near FY2027, we will completely miss the opportunity to serve our electrification load growth with BPA preference power. City Light thanks BPA for its scenarios added in September and October to the Concept Paper which included a credit for energy efficiency investments made during the RD contract period. The methodology provides a framework for including energy conservation adjustment credits in the CWHM process. We encourage BPA to take appropriate actions to ensure that this credit will be viable for customers to avail themselves of the benefits of Tier 1 service in the next contract.

In order to accommodate energy conservation adjustment credits in the CHWM process, City Light favors augmenting the system. We would like to explore with BPA and the other preference customers: (1) adjusting individual CHWMs to add back all self-funded energy conservation savings since the beginning of the RD contract; and (2) collectively determining the appropriate level of clean, cost-effective, resources to add to the Tier 1 system to cover the energy conservation credits.

Fifth, **BPA should ensure that all language in the post-2028 contracts is consistent with prevailing regional and national clean energy policies and regulations.** Any proposal that is inconsistent with these policies and regulations will inhibit customers with statutory and regulatory clean energy obligations from purchasing power from BPA as they factor in the consequences of running afoul of local, state, and national policies and regulations.

Finally, City Light asks that **BPA consider the ways participation in markets can benefit the product offerings proposed under Provider of Choice.** In the December 8<sup>th</sup> presentation BPA included material noting that market initiatives currently under development may have implications for various products and services offered by BPA. The presentation also noted that BPA did not factor future market participation into the design of products and services considered in its concept paper because "such markets have not yet been developed". Circumstances in market design have changed over the time since BPA published its concept paper. CAISO's extended day-ahead market and Southwest Power Pool's Markets+ are both voluntary day-ahead market offerings that, while still under design, are far enough along in their development to begin mapping how BPA's products may function within these markets. City Light believes a proactive approach to considering potential product interactions and impacts within future market opportunities would benefit both BPA and its customers. City Light



encourages BPA to include the topic in its workshops and factor in future market participation into the design of products and services.

Thank you for the opportunity to comment. We look forward to further discussion of these and other important topics in BPA's 2023 Provider of Choice workshops.

cc:

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