



February 9, 2023

John Hairston
Administrator
Bonneville Power Administration

Submitted electronically via post2028@bpa.gov

RE: BPA Provider of Choice Workshop

Dear Administrator Hairston:

Collectively, Mason PUD 3, Central Lincoln PUD, and Columbia River PUD appreciate the opportunity to comment on BPA's Provider of Choice workshops held on January 24 and 25.

An incredible amount of progress has been made from BPA's Concept Paper to BPA's new framework for rate construct, system size, and determination of the Contract High Water Marks (CHWMs) as demonstrated by BPA's new CHWM Model. The amount of time and effort spent to get us to this point is appreciated. BPA balanced the intent of the foundational elements while being responsive to various interests and maintaining equity amongst the different subsets of utilities (including those with significant growth, flat loads, and high conservation achievements).

While BPA was busy developing its latest proposal, public power was simultaneously working hard to gain consensus where possible on many of the key issues. This included deliberations between PPC's Executive Sponsor Team (EST), facilitated discussions within trade organizations, designated working groups within and amongst trade organizations, all the way down to the informal "conversations in the hall" whereby individuals can hash out differences and seek common ground – one of the benefits of meeting in person.

As you know, the EST made a recommendation to the PPC Executive Committee and received approval on its own framework that includes areas of alignment. We support this meaningful work and, in turn, PPC comments.

However, we would like to go a step further and provide additional feedback on a few specific issues:

1. System size and Augmentation

Public power was able to coalesce around a system size ranging from 7,000 to 7,500 aMW which consists of the base system of 7,000, plus the Columbia Generating Station (CGS) Extended Power Uprate (EPU), and additional cost-effective augmentation ranging from 0 to 342 aMW. The broadest acceptance within the EST ranged from 7,150 to 7,250 aMW.

We support a system size between 7,150 and 7,250 aMW. Models developed during this process have shown that with the inclusion of the CGS EPU, 7,250 aMW is the highest size you can achieve while maintaining a rate neutral impact to Tier 1. By setting the size at this compromised level, flat and declining utilities would not experience increased costs to augment the system to meet full net requirements of growing utilities.

If a larger system size is selected, then the benefits from augmentation should be shared pro rata with all preference customers since all will pay for augmentation. Further, if a scale-down adjustment is necessary, it should apply to the Load Growth Adjustment only. This will prevent flat and declining utilities from experiencing two CHWM reductions: the first from the Headroom Adjustment and second from a subsequent pro rata scale-down.

2. Allocation adjustments

Public power generally recognized BPA's latest proposal for the allocation adjustments as broadly acceptable. Specifically, it includes a 100% Headroom Adjustment (516 aMW of headroom reallocated), a 50% Conservation Adjustment (provides 101 aMW), and a 25% Load Growth Adjustment (provides 127 aMW).

We also agree that the BPA proposal sets reasonable adjustments that provide equity to the various utility subsets. We strongly disagree with providing a credit for self-funded conservation that was not reported to BPA. Conservation approved by BPA meets its implementation manual standards and would subsequently count toward our regional goals. It is unclear whether unreported self-funded conservation would achieve either.

3. Index year

We appreciate BPA proposing an earlier index year and understand how this is a preferred path. We are concerned that using an earlier index year does not provide flat utilities with the best chance to maintain their Regional Dialogue CHWMs. However, we agree there is potential benefit. This includes the ability to allocate the system without the need for additional augmentation and without having to perform adjustments to scale CHWMs down to the set system size. It also provides utilities with estimates of their potential AHWM-load at the beginning of the Provider of Choice contract term. We agree that the benefits of using the earlier index year outweigh the potential drawbacks.

4. Carbon

Any acquisitions made by BPA must be a renewable or non-emitting resource.

Further, Mason PUD 3 supports WPAG's public comments and proposal.


Thank you for your consideration.

Sincerely,


Annette Creekpaum (Feb 9, 2023 11:27 PST)

Annette Creekpaum
General Manager
Mason PUD 3

Sincerely,


Tyrell Hillebrand (Feb 9, 2023 11:21 PST)

Ty Hillebrand
General Manager
Central Lincoln PUD