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April 4, 2023

John Hairston
Administrator
Bonneville Power Administration

Submitted electronically via post2028@bpa.gov

RE: BPA Provider of Choice Topics

Dear Administrator Hairston:

Mason PUD 3 appreciates this opportunity to comment on BPA's Provider of Choice (POC) topics. Mason 3 is a non-profit, locally governed utility at the base of the Olympic Peninsula that provides electric service to approximately 35,000 customers. As a preference customer, Mason 3 has a priority right to purchase wholesale power from BPA at cost. Doing so supports its mission to connect its community with safe, reliable, economical, and sustainable services, 24/7.

BPA's POC Concept Summary document which details the movement it has made from status quo (Regional Dialogue) to the position it proposed in the concept paper, to its newest concept demonstrates BPA is listening to its customers and stakeholders. Mason 3 appreciates this additional opportunity to provide feedback on BPA's POC workshops held on March 9, 21 and 22. While Mason 3 finds it is in strong alignment with the comments submitted by the Western Public Agencies Group (WPAG), it wanted to take time to provide additional insight into some of the areas that it finds most important: Contract High Water Mark (CHWM); Low Density Discount (LDD) and Irrigation Rate Discount (IRD); Peak Net Requirements (PNR); non-federal resources; carbon; and the POC timeline.

CHWM

The conservation and load growth adjustments proposed by BPA seem to be a broadly acceptable approach with each receiving a scale up of approximately 101 aMW and 126 aMW, respectively. Mason 3 does not support any additional increase to these adjustments as it will further impact those BPA customers that are already losing approximately 570 aMW of headroom from the proposed headroom adjustment. This is a significant amount, and it should not be taken lightly. Further, some organizations are proposing a substantial amount of augmentation that will further exacerbate the balance since it would cause T1 rates to increase – a double whammy; triple if a subsequent scale-down of CHWM amounts end up being necessary.

LDD and IRD

Mason 3 supports BPA's LDD and IRD proposals with benefit levels similar to the status quo. As a utility that recently lost its LDD, it is appreciated that BPA is proposing a rate period approval process versus annual. This will help the steep cliff that is ever present today wherein the discount can go from 5% to

Administrator John Hairston

April 4, 2023

Page 2 of 3

LDD and IRD (continued)

0% in as little as four months. Consideration should continue to be given to implement a phase-out approach to the discount loss, so it is not as dramatic.

PNR

Although somewhat painful, it is imperative that BPA offer additional forums for discussion of the controversial PNR issue. It is one of those issues that gets more difficult before it gets better. A good analogy is cleaning your house, as it inevitably gets messier before it gets cleaner. The discussion held two weeks ago was intense and sometimes confusing but necessary. It is an issue that affects both load following and planned products customers. Mason 3 supports WPAG's suggestion, provided in its comments (Comments) dated March 31 to separate this issue from the draft policy record of decision and place it on its own track.

Non-Federal Resources

Transfer service is a critical issue for many BPA customers. BPA's response to change its position from not allowing transfer service for all non-federal resources to allowing it for **physical** non-federal resources is applauded. With that said, Mason 3 hopes BPA will consider changing it further to include those that are located in BPA's Balancing Authority Area (BAA) instead of only within the BAA where the transfer load is located. Making this change will provide more benefit when BPA customers are considering building renewable resources that do not perform in the BAA in which it is located and perform exponentially better in other areas within BPA's BAA. Further, as stated in WPAG's Comments, this change will not increase the cost of transfer service under BPA's current proposal.

As stated in previously submitted comments, Mason 3 would like to encourage BPA to consider two changes to its proposal to allow a Tier 1 offset from physical non-federal resources up to five (5) MW or 50% CHWM. The first is to change five (5) MW to the expected generation versus nameplate. As you know, using a solar resources nameplate limits the offset to approximately one (1) MW since it does not take into consideration the capacity factor. The second request is to include those resources that are located in BPA's BAA instead of only those located on a BPA customer's distribution system. The same justification used above in the transfer service request applies. BPA's proposal is greatly appreciated however it needs to be proposed in a way in which its customers can effectively utilize it.

Mason 3 is tentatively supportive of limited augmentation through its modernized billing credit proposal via a Request for Offer type of approach.

Carbon

Mason 3 is disappointed to hear BPA is not going to offer a 100% renewable and non-emitting resource for its load following or AHWL load products in the POC contracts. This ideology should be at the core of BPA's mission and values and be demonstrated in its product offerings.

Administrator John Hairston

April 4, 2023

Page 3 of 3

Timeline

There is concern for BPA customers' ability to select a BPA AHWM load service option at the time contracts are executed when the price for those options may be unknown. How does BPA plan to address this concern?

Thank you for your consideration of these comments.

Sincerely,

Annette Creekpau
Annette Creekpau (Apr 4, 2023 11:30 PDT)

Annette Creekpau
General Manager

[AC/mp]