LOWER VALLEY ENERGY
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Bonneville Power Administration
Kim Thompson, VP of Northwest Requirements Marketing
905 NE 11th Ave
Portland, OR 97232

Submitted via email:post2028@bpa.gov

RE: Provider of Choice Comments

Lower Valley Energy appreciates this opportunity to provide comments regarding the development of post-2028 Provider of Choice Contracts. Thank you for all the workshops, in-person meetings, and numerous opportunities to provide feedback.

The issues that you and your customers are grappling with are very complex and it is extremely important that we get the related contract principles right. You have heard from Lower Valley repeatedly about the importance of transfer service, the treatment of new resources added during the contract period, augmenting of the federal system, increasing the load growth adder from 25% to 50% to be on par with the conservation adder, and the development of viable Tier 2 options made available to customers at cost. In this letter I will focus just on the issue of resources added during the contract period.

There was no movement from the previous BPA proposal to the latest proposal related to resources added so I will attempt to add more clarity surrounding the impacts of the current proposal on Lower Valley Energy. Lower Valley made a significant investment in the Horse Butte Wind Project which currently provides us with 2.573 aMW of Tier 2 power. We also spent over $6 million building the Swift Creek Hydro Project in Afton Wyoming which produces approximately 0.748 aMW. Both projects produce renewable green power at a per kwh cost over double the BPA Tier 1 rate.

In the BPA workshops I have heard both BPA staff and customer groups state that the purpose of the Tiered Rates Methodology was to encourage customers to develop resources but that it didn't work well because resources were not developed. The truth of the matter is that Lower Valley and other customers did develop resources during the contract period and now BPA is proposing we be decremented for our efforts. Nowhere in the decision process did anyone contemplate that we would lose our access to federal power for the resource amount in the next contract. Lower Valley would have been significantly better off not having developed resources, utilizing market purchases, and ending up with a higher Contract High Water Mark in the new 2028 contracts.

I did not hear anyone in the meetings and workshops I attended support the reduction of the total retail load by these new resources. Also, it is not equitable to penalize new resource development but give a 50% credit for self-funded conservation. The net effect on BPA's obligation for both conservation and resource development are the same so why should they be treated differently? I appreciate PPC's position expressed in their comments on May 4 of "exploring options to ensure that customers are no worse off in their Tier 1 allocation as a result of investing in new specified resources under the current contract".

I hope you will give these comments serious consideration.

Sincerely,

Jim

James R Webb
President/CEO