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Seattle City Light's Comments on BPA's Draft Contract Exhibit A Standards for Resource Declarations

Thank you for the opportunity to comment on Bonneville Power Administration's ("BPA's") April 15th Draft Provider of Choice Draft Contract Exhibit A Standards for Resource Declarations (hereafter "Draft Standard"). Seattle City Light ("Seattle" or "City Light")) appreciates BPA's efforts to solicit customer comments prior to finalizing the Exhibit A Standards for Resource Declarations for its new power supply contracts. Below, City Light comments on two sections of the Draft Standard.

Energy Capability Standards Resource Category 1: Pacific Northwest Coordination Agreement (PNCA) and Non-PNCA Hydro Resources

The Draft Standard states "The default for PNCA resources above the tailwater of Bonneville Dam will use the firm water year, 1937, that had been designated by PNCA. Customers may select another single (alternate) water year for PNCA resources below the tailwater of Bonneville Dam or in other basins, and for non-PNCA hydro resources." City Light's Skagit resources (Ross, Diablo, and Gorge) are in a different basin than Bonneville Dam, and previously had BPA approve using a different firm water year to determine their output. The firm outputs based on this 1937-firm water year were used to calculate the Skagit project's current Regional Dialogue Exhibit A values. Given that BPA has previously approved the Skagit Exhibit A values, and the Draft Standard states that resources in different basins may use a different water year, City Light seeks confirmation that its Skagit resources would have their Regional Dialogue Exhibit A energy values be carried over into Provider of Choice contract.

Peaking Capability Exhibit Standards

In City Light's Comments on March 12 Master Contract Template Draft, submitted April 9th, City Light pointed out that the Western Resource Adequacy Program currently does not provide Qualifying Capacity Contributions (QCCs) for the months of April, May, and October. City Light noted that any alternate methodology that BPA may devise for those non-WRAP months should account for the risk that customers may schedule planned facility outages during these months without Forward Showing WRAP obligations.

The Draft Standard proposes for months where WRAP does not provide a QCC to use the lower of the QCC amount of the WRAP month preceding and the WRAP month following the month(s) with no

value. City Light believes that this approach is reasonable as a default value that is responsive to City Light's concerns of planned facility outages during non-WRAP months, while maintaining simplicity of calculation. However, in the case a customer has more detailed data on its resources, BPA should allow the customers to optionally submit the following two substitution methods for their resource's peaking capability values:

- Derate peaking capability values based on the actual percent of hours the customer has planned outages for a given month, including partial non-WRAP months. To avoid derating peaking capabilities twice for planned outages, if a customer uses this substitution method the peaking capability should be calculated based on the *average* rather than *lower* of its preceding and following WRAP month QCC values, derated by the planned outage amount. The derating should only account for planned outages, not forced outages, as forced outages would already derate a customer's WRAP QCC values. This substitution method is relatively simple to compute and would allow a customer to have more accurate peaking capability values if they have planned outage information. For example, City Light typically has about a third of its Skagit and Boundary resource units in planned facility outage during non-WRAP months. Yet BPA's proposal to use the lower value of preceding and following WRAP month QCCs would only derate these resource's April and May WRAP values compared to the average by about 10-25%, not a third.
- Submit WRAP workbooks modified for non-WRAP months (including partial non-WRAP months) with simulated capability during equivalent non-WRAP month capacity critical hours (CCHs), to determine the monthly QCCs these resources would have received if WRAP computed QCCs for these non-WRAP months. This substitution method is computationally more complex but would provide the most accurate values based on the resource's actual capability during the non-WRAP month. Given the greater complexity and need for review City Light proposes that this substitution method not be included in the contracts executed by the end of the year. Instead, customers would submit requests to BPA to revise their peaking capabilities based on this methodology, and BPA would review and revise a customer's submission after contract execution, but before power delivery on October 1, 2028.

If a customer chooses to use either substitution method, City Light proposes they must use the method for the whole year for that resource and are precluded from picking and choosing which month to substitute values for. However, because a customer may have different levels of data for different resources, a customer should be able to use a substitution method for one of its resources without requiring utilizing the same methodology for all of its resources.

BPA should also clarify which WRAP QCC values will go into Exhibit A of the contracts. WRAP QCC values for a resource and month change every year based on historic output. Given that BPA is finalizing Exhibit A in the upcoming months, City Light recommends using the WRAP QCC values from the most recent WRAP seasons: Summer 2024 and Winter 24-25 (or Summer 2025 if BPA finalizes peaking capability values before WRAP returns post-cured Summer 2025 forward showing values). Additionally, BPA's Exhibit A contract template has peaking capability values for each fiscal year in the POC contract. While WRAP QCC values change from year to year, since WRAP QCC values are based on recent historic

data a customer would not forecast a different WRAP QCC future fiscal year compared to another. BPA should clarify that unless there are expected physical changes in the resource or contract that the peaking capability value for each FY of a resource will be equivalent to the resource's respective monthly Summer 2024 and Winter 24-25 QCC values, or whichever index seasons BPA chooses to use to populate the resource's Exhibit A peaking capability for FY2029.

City Light continues to recommend that BPA include the following language to acknowledge that WRAP QCC values, including potentially the methodology to calculate QCC values, will change over time:

The Peak (MW) values included in «Customer Name»'s Specified Resources Amounts table(s) below are based on the Western Resource Adequacy Program's (WRAP) QCC values or when no QCC value is available, calculated using a methodology like WRAP's QCC methodology. By design, WRAP QCC values change over time, are only expected to be achievable for short periods of time under critical water conditions, and are not intended to represent sustained peaking capability. To the extent WRAP's QCCs change substantially in future, or an alternative, mutually acceptable method for determining peaking capabilities is discovered, the parties will update the Peak (MW) values included in «Customer Name»'s Specified Resources Amounts table(s).

Finally, City Light recommends the following language related to WRAP participation should regional entities adopt different resource adequacy standards:

If BPA no longer participates in WRAP or WRAP ceases to exist, BPA will review and may update its standard for peaking capability. If «Customer Name» does not participate in WRAP and a different resource adequacy program is elected, BPA will review and may update «Customer Name»'s Peaking Capability Standard for Non-federal Resources based on new program requirements.

City Light looks forward to working with BPA to finalize the Exhibit A values in the period leading up to execution of the Provider of Choice contract.