



## Department of Energy

Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

August 7, 2024

Mr. Jim Smith, General Manager  
Klickitat Public Utility District  
110 NE Estes Avenue  
White Salmon, WA 98672

Dear Jim,

The Bonneville Power Administration (BPA) appreciates Klickitat PUD's ongoing and active role in BPA's resource planning process. This letter responds to Klickitat's letter to the Chief Operating Officer dated July 2024 outlining three elements of concern:

1. The program process and doing things the way they have always been done in spite of a changing marketplace.
2. The impacts on reliability of differing resource options.
3. The exclusion of natural gas options in the planning process, in spite of the fact they are low cost, necessary for reliability and are acceptable in many areas of your service territory.

To your first point listed above, let me start by acknowledging your valid points about recent severe weather events and BPA's use of an 18-hour metric to help inform preparation for such events. We want to assure you that BPA takes resource adequacy seriously in order to provide a reliable power supply 24/7 to meet our obligations. To that end, we are committed to refining our methods over time and regret this was not made clear during our June 10<sup>th</sup> public workshop.

BPA's 18-hour metric evaluates the average surplus/deficit over six peak load hours per day across three-day extreme weather events under median water (p50) conditions. Although the hydro generation assumption for this particular metric relies upon median water conditions, BPA has recently revisited the full distribution of 18-hour metric results under all streamflow conditions as seen in the 2022 Resource Program workshop materials ([20220524-needs-assessment-workshop-2.pdf \(bpa.gov\)](#)).

For the 2024 Resource Program, BPA updated its extreme weather assumptions to use the cold snap temperatures from the January 2024 event and the heatwave temperatures from the June 2021 event to inform its peak loads in winter and summer over the 18-hour study period. This was intended to more accurately capture the types of weather events and load impacts we may see in the future based on recent history.

Similar to your suggestion and as seen in the 2022 Resource Program, we are currently evaluating how the 18-hour metric results are impacted by low water conditions and look forward to discussing these results in future conversations. As in prior Resource Programs, BPA will determine which metric(s) are most constraining and look for resource solutions for those periods of greatest need. We agree that it is prudent for BPA to revisit the duration of the extreme weather events in our modelling to better reflect reliability and will therefore consider a longer duration extreme weather event metric for the 2026 Resource Program.

To address your second and third points listed above, let me clarify what has been recently presented. The resource buildouts shared at the June 10th Resource Program workshop are part of the market assessment, which is one of the inputs for the resource program. These buildouts are not BPA resource solution sets or descriptions of candidate supply side resources BPA will consider for the resource program. BPA will share candidate supply side resources and portfolios / solution sets at later workshops. However, BPA includes a variety of supply side resource types including natural gas generators in our assessment.

The market assessment projects resources needed over the next 20 years to meet system reliability, current clean energy policies in the Base case, and accelerated clean energy policies in the Fast Transition case. The assessment includes transfer limits, losses, and wheeling costs of the current transmission system as well as a number of high likelihood transmission additions depicted on slide 90 of the presentation. No additional changes to the overall transmission system are needed to accommodate the modeled buildout, but we recognize that further challenges in siting, resource interconnections, and necessary upgrades to maintain the existing transmission system may result in additional delays and slower rates of buildout. For the 2024 Resource Program, BPA is including a far greater number of sensitivities to help evaluate these and other uncertainties.

The Long-Term Capacity Expansion (LTCE) model used to create WECC buildouts for the market assessment uses reliability crediting that reflects variable resources' diminishing contributions to system reliability as more of these resources are added to the system. This modeling is consistent with Effective Load Carry Capacity (ELCC) measures used in industry standard, long term planning processes, and gives solar and wind zero or very small credits to system adequacy. The large amounts of solar and wind additions are driven primarily by economics, including Inflation Reduction Act (IRA) credits, as well as higher levels of electrification and state policies requiring increasing levels of load to be met by clean resources. As explained in the workshop, we continue to show the need for new natural gas where it is permitted, and clean, firm flexible resources that have many of the same characteristics as base and peaking natural gas resources. The market assessment is not relying on overbuild of solar and wind resources to meet projected system reliability needs.

BPA will use the needs, price forecasts, and market depth shared in the June 10 workshop for its evaluation of resource solutions and strategies to better understand tradeoffs between costs, risks, and uncertainties under a wide range of potential future conditions. All solution sets considered will either be least cost and meet BPA needs or reported as infeasibilities.

Again, we very much appreciate your active support and participation in BPA's Resource Program. We look forward to sharing details of the supply side candidate resources and potential resource solutions in future workshops and subsequent discussions as we navigate these long-term load and resource challenges together.

Sincerely,

Joel Cook  
Chief Operating Officer