

October 17, 2023

Northwest Requirements Utilities (“NRU”) submits these comments in response to BPA’s September 11 workshop establishing a policy direction on day head market participation. NRU represents the interests of 58 Load-Following preference customers located in 7 states across the region that hold Network Transmission contracts with BPA. NRU’s members contract with BPA for almost 30% of BPA’s Tier 1 load.

As a preliminary matter, we would like to reiterate NRU’s continued support for BPA’s exploration of the market alternatives available, and the possibility of enhanced value they represent for small and rural Load Following customers. Additionally, we understand and support the timeline BPA has established and the fact that BPA is interested in determining its ability to join a day ahead market while there are two viable market alternatives available. At the same time, as detailed in our August 15th comments, we remain concerned that it may prove difficult in the time allotted to ensure adequate time for education, discussion, and analysis. We continue to encourage BPA to share as much information as quickly as possible to ensure customers have time to fully understand and vet the potential impacts, costs, and benefits of any decision to move forward, and the corresponding ability to support BPA’s conclusions. Finally, we would like to highlight the importance of close coordination between BPA markets staff and its Provider of Choice team, and the fact that proper alignment between the agency’s strategy, products, and services is essential for their mutual success.

With respect to day ahead market participation itself, NRU’s continued support for BPA’s exploration and pursuit of the available market alternatives hinges on the ability to demonstrate that participation is in our members’ best interests, and that participation will not just provide BPA with the ability to further optimize the use of its hydro and transmission assets, but that it will enhance the significant value that those assets represent to NRU members. To that end, we look forward to a thorough business case and cost-benefit analysis prior to any formal determination on market participation.

We would also reiterate the importance of preference customer rights to both firm power supply and firm surplus from the FCRPS, irrespective of market constructs, and that it is essential for BPA to properly align the risks of customer take-or-pay contracts with the benefits of market participation. Within that context, we appreciated the detailed discussion at this latest Workshop around BPA’s consideration of its statutory directives under section 5(b) of the Northwest Power Act, and the review of how those obligations would be met in a day-ahead market paradigm. Further, while NRU agrees with BPA’s determination that it has broad contract authority to join a day ahead market, additional information is needed to fully understand how the products and services proposed under the Provider of Choice

contract would change, how load following customers will continue to receive service from the FBS for their net requirements loads every hour, and how BPA proposes to ensure that preference to federal surplus is maintained and accounted for “with a view to encouraging the widest possible diversified use of electric power at the lowest possible rates to consumers consistent with sound business principles.”¹ Additionally, as we move forward with this process BPA needs to ensure that customers understand the risks and benefits of having their CHWM load “bid” into the market, what opportunities customers will have to bid both AHWM load and non-federal supply into the market, and what alternatives will exist for customers who are unwilling or unable to agree to do so with either their loads or resources.

With respect to GHG accounting and regulatory compliance, resource-specific identification is likely essential for preference customer regulatory compliance. While we appreciate BPA’s engagement in the relevant stakeholder processes for both potential markets and appreciate the hurdles that state-specific programs might represent for both BPA and its customers, we continue to question BPA’s reliance on third-party GHG accounting in a day-ahead market and the associated risks to customers seeking to comply with state regulatory obligations. As detailed in our recent comments on BPA’s Provider of Choice Draft Policy, the regulatory obligations of BPA’s customers are only likely to increase going forward, and BPA should take the steps necessary to offer interested preference customers a 100% carbon-free product.

Finally, BPA must provide more information to Transfer Service customers as to how their loads and resources will be treated should BPA choose to join a market, irrespective of whether their transfer provider chooses to join the same market, or any market.

Thank you once again for considering these comments, and we look forward to continuing to engage with you throughout this public process.

Sincerely,

Matthew A. Schroettnig
Director of Operations and General Counsel
Northwest Requirements Utilities

¹ Transmission System Act § 9, 16 U.S.C. § 838g (2020); *see also* Flood Control Act § 5, 16 U.S.C. § 825s (2020); NWPA § 7(a), 16 U.S.C. § 839e(a) (2020).