

April 19, 2024

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Submitted via email: post2028@bpa.gov

Comments on March 19, 2024, Provider of Choice Public Rate Design Methodology Workshop

Thank you for hosting BPA's Provider of Choice (POC) Public Rate Design Methodology (PRDM) workshop held March 19, 2024. We appreciate that BPA's workshops offer a platform for parties to voice their positions. Below, City Light provides our response to select topics discussed by BPA and other parties during the workshop.

Future Workshops

City Light appreciates that BPA will continue the discussion on Tier 1 rate design in the upcoming workshops. BPA requests that BPA clearly delineate in its schedule which upcoming workshop and work group sessions will discuss Tier 1 rate design, so that customers can have their appropriate staff attend the right workshops and sessions. If possible, BPA should more specifically delineate which of the Tier 1 rate design topics listed on slide 12 of its March 19th workshop slides will be discussed in each session,¹ so that customers can come prepared to participate. BPA should also either delineate time in its PRDM workshops to discuss the following topics or ensure that its policy implementation and contract development workshops cover them instead:

- Allocation of environmental attributes of firm and non-firm surplus power between Tier 1 and 2.
- Clarification of the Shaping Capacity charges for the Block with 10% Shaping Capacity and Block with Shaping Capacity up to Peak Net Requirements.
- Credits for resources that reduce BPA's P50 peak loads and thus the applicable customer-attributable load for Peak Load Variance Charges.

Rate Impact Credit

During workshop BPA stated that the Rate Impact Credit (RIC) is attempting to achieve two objectives, first as a mechanism to allow BPA to recover capacity costs without tiering capacity and second to reduce rate impacts to specific customers between contracts. City Light believes that these two objectives have conflicting needs that are ill-fitted to be addressed together via the RIC. BPA has justified not tapering the RIC over the length of the contract under the former case, yet tapering the RIC still allows BPA to avoid rate shock impacts to customers while reducing cost shifts caused by the RIC between customers.

¹ <https://www.bpa.gov/-/media/Aep/rates-tariff/current-power-rates/PRDM-Workshop-4-Final-2.pdf>.

Peak Load Variance Charge

City Light supports BPA adopting a Peak Load Variance Charge (PLVC) as it sends appropriate price signals for BPA's need to holdback of capacity needed to manage the uncertainty of serving customer net requirements in the operational horizon. During the March 7th working group session BPA mentioned that if a customer has resources that could reduce BPA's P50 peak loads BPA would rather credit the customer for the peak reduction via a separate credit, rather than reducing the customer's PLVC. City Light currently does not have a preference if such resources would receive a separate credit or reduce a customer's PLVC but believes one of the two should be in place. If the resource receives a separate credit City Light recommends that BPA elaborate on the design of the separate credit in the appropriate BPA POC workstream.

Environmental Attributes

City Light appreciates that BPA will increase the level of detail of its conveyance of environmental attributes by conveying environmental attributes separately for tier and customer classes. Environmental attribute accounting is an increasingly important part of utility regulatory compliance, and, while BPA may not be subject to these regulations, BPA provides value to its customers by making products that allow customers to easily comply with regulations. City Light asks that BPA continue to remain flexible on its thinking of environmental attributes and their interaction with products and rate design as regional regulations and policies evolve and come into effect.

Thank you again for hosting the workshop. We look forward to continuing the discussion on rate design as BPA continues its POC process.

cc:

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