From: Josh D. Weber
To: PRDM Comments and Questions; Fisher,Daniel H (BPA) - PSR-6; Reed,Scott G W (BPA) - PSR-6; Nguyen,Leon D (BPA) - PSR-6; Sommer J. T. Moser
Subject: [EXTERNAL] PRDM informal draft comments
Date: Tuesday, August 13, 2024 10:31:15

PRDM Team-
Thank you for all of your work bringing customers together for workshops and informal work-groups. Below, please find some informal comments on a few issues discussed in the last work-group that are important to AWEC.

Thanks-
Josh

Two Year Rate Period
We agree with the two-year rate period language. AWEC is primarily concerned with stale rates. While less than 2 year rate periods are not desirable, we agree that there is little chance of BPA proposing such, except in truly exceptional cases.

Environmental Attributes
AWEC recommends leaving treatment of RECs, EACs and "other attributes" out of the PRDM to the extent possible is preferable.

Secondary Sales
We agree with language leaving open the possibility of secondary sales as power.

4.2.3
AWEC understand this is a significant and necessary re-write to move to a fixed system and replacing TOCA with MWhs and we continue to support this change.

Marginal Energy True-up
AWEC generally does not prefer the inclusion of penalty rates in the marginal energy true-up. While we understand that the 2% penalty is approximately similar to the bid/ask spread one might find in a market transaction, here it is intended solely as a penalty to incentivize accurate forecasts. In the absence of evidence of improper forecasting practices on the part of schedulers, we don't want to see parties acting in good faith being injured by this penalty. If it were intended to model actual market bid ask spread, or pass BPA's exposure to the spread to customers, AWEC would be supportive.

Also related to this section, we are eager to see the answer to NRU's questions regarding interaction with the RIC.

Demand Rate
AWEC is in favor of accounting for multiple uses of the resource used to benchmark the demand

rate. This aligns with the intent of setting accurate price signals through this rate.

Demand Rate Governor

AWEC understands the demand rate is meant to be a long run marginal cost signal, and we recognize that means it is not likely going to move drastically during any single rate period. However, we believe it is better to address how far the rate should move in the appropriate 7i process, rather than putting a governor on it this far in advance. This is an issue that can be managed in a rate case, with better information than we have prior to the beginning of a long term contract.

4.3.6.

We strongly support the change, intended to support nonfederal resource development. We encourage language – either in the PRDM or in the record demonstrating that this is meant to be an umbrella that might encompass a variety of solutions to recognize the potential value that customer-built resources might add to the region. Making it possible to the value of non-federal resources can increase the likelihood of their development.

RIC-c

We agree with the EWEB comment that it is very useful, when building support for RICc, to avoid framing it as a subsidy or rate "credit." We strongly agree with the mechanism's purpose of tiering capacity, to ensure that all customers receive the benefit of the federal system fairly.

RIC-m Phase Out

AWEC supports a strong phase out of the subsidy of the RIC-m. We generally would prefer not to see a RIC-m cost shift included in rates, so the existence of the phase out is very important to us. We recognize that BPA is hoping for a Public Power consensus, but it is unclear whether that can be reached. To the extent no consensus is reached, we recommend that BPA select the fastest possible phase out toward a more accurate cost of service model. We are aware and understand that BPA will manage the unique circumstances of some small, edge-case customers.