



July 13, 2022

Via email:

techforum@bpa.gov

To: Bonneville Power Administration

From: PNGC Power

RE: PNGC Comments on BPA BP-24 Topic Tier 2 Rates

PNGC strongly believes preference customers have the legislative right to “at cost” power from BPA. It is concerning and deviates from the obligation BPA has to preference customers when market premiums for certain attributes are added to the price of power BPA provides to preference customers.

A carbon price premium should not be added to the BPA Tier 2 rate. Carbon premiums are added value BPA should receive from market sales that benefit preference customers in setting the price for preference power. Setting aside BPA’s timing of this proposal and the wholesale power market high prices, there is no formal carbon market in the NW. It is not acceptable for BPA to use bilateral trading premiums from their trading floor for secondary surplus sales to set any pricing for Carbon on Tier 2 products to preference customers. There is no fully functioning market clearing house supported (ICE or similar) carbon price, that does not rely on anecdotal BPA trading floor data, to even represent such a “carbon market” to support a request like this from BPA.

PNGC requests BPA to provide data on what percentage of all BPA surplus inventory sold (including day ahead and real time surplus sales) can secure the carbon premium. Furthermore, what transacting point these deliveries occur at. If BPA provides the actual data, PNGC suspects that only a portion of BPA surplus sales capture any carbon premium.

We look forward to continued dialogue and engagement throughout this process.

PNGC Team