

August 23, 2024

Submitted via e-mail to [techforum@bpa.gov](mailto:techforum@bpa.gov)

**RE: NRU Comments on the BP-26 Power Rates Workshop**

Thank you for this opportunity to comment on the BP-26 Power Rates workshop held on August 9th. Northwest Requirements Utilities is a trade association comprised of 57 mostly small, mostly rural Load Following and NT customers that rely mostly or fully on Bonneville for their power supply and transmission service.

**DEMAND RATES**

NRU appreciates BPA's analysis on how current inflation and interest rates will impact the BP-26 demand rate; we agree that the demand rate was intended to be a long-run price signal that should not be overly impacted by volatile inputs. NRU supports BPA's proposal to use the TRM dampening methodology to limit the increase to the BP-26 demand rate.

**TIER 2 RATES**

BP-26 is the last rate period under the TRM and will likely be the rate period with the highest Tier 2 rates and largest amount of power priced at Tier 2 rates. Over the years, BPA has used a variety of marginal price forecasts and indexes to value the energy sold at Tier 2 rates. NRU asks BPA to consider using one of the historically utilized marginal price forecasts, specifically firm (P10) Aurora prices, to value any Firm Surplus used to serve power sold at Tier 2 rates.

It is important to note that the intent of this request is to temper the very high rate impacts some NRU members will see due to high Tier 2 rates, while still using marginal prices to set Tier 2 rates in accordance with the principles of the TRM. If the amount of Firm Surplus available in BP-26 makes the impact of this proposal on Tier 1 rates too big, then we ask that BPA consider valuing Firm Surplus used to serve power sold at Tier 2 rates in BP-26 similar to the manner in which it set Tier 2 rates in BP-24.

Both proposals described above are specific to how to value Firm Surplus used to meet BPA's Tier 2 obligations. If BPA makes an actual forward purchase to support its Tier 2 obligations, then those costs should be collected in the appropriate Tier 2 cost pools.

## UNAUTHORIZED INCREASE CHARGES

NRU appreciates the presentation on UAIs and the alternatives shared during the workshop. We support Alternative 4, setting the energy component at two times the cost of energy during the hour in which the penalty occurred and moving to a daily demand penalty. We also support adding UAI waiver language to the Power GRSPs.

Finally, thank you for considering these comments in your development of the BP-26 Initial Proposal. The Power rates group is deftly handling so many issues and processes right now, and we are thankful for the level of expertise and consideration that is given to each issue.

Sincerely,

Emily Traetow  
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Northwest Requirements Utilities