



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER SERVICES

September 29, 2022

In reply refer to: PSW-6

To Regional Customers, Stakeholders, and Other Interested Parties:

In a letter dated September 7, 2021, BPA firm power customer Clark Public Utilities requested the BPA Administrator to grant Clark consent to partially discontinue, through a reduction of the dedicated energy amount, Clark's River Road Generating Plant (River Road). By statute and contract, River Road is a section 5(b)(1)(B) resource Clark uses to supply electricity to serve its retail consumers. Under BPA's existing long term power sales contract (Contract No. 09PB-13020) River Road is contractually identified as a Specified Resource. As a basis for this request, Clark noted its new requirements under the state of Washington's Clean Energy Transformation Act (CETA) to meet at least 80 percent of its retail load with non-emitting resources beginning 2030 and its associated plans to reduce the amount of River Road generation applied to Clark load. Clark noted that it may, in the future, request firm power from the Administrator to replace the amount of energy discontinued from River Road if consent is granted.

Under section 5(b)(1) of the Pacific Northwest Electric Power Planning and Conservation Act, the Administrator may consent to the discontinuance of a customer's resource(s) dedicated to serve its load. Prior to making a determination on the request, BPA engaged in an extensive decision-making process that included taking public feedback. In a workshop held November 30, 2021, Clark representatives provided additional details and took questions on the request, and BPA representatives shared considerations from the agency's perspective. Following the workshop, BPA solicited comments from customers and interested parties through December 15, 2021.

BPA reviewed and considered these comments prior to making its decision. Comments received from nine parties generally fell into three categories – supportive of Clark's request, opposed to the request, and other considerations.

Comments in support (or "not opposed") were received from the Public Power Council and the Western Public Agencies Group. Central to these comments was an appreciation for the continued reliability, transmission, and resource adequacy benefits of River Road that would be promoted under Clark's request. These commenters also noted this was an opportunity for BPA to demonstrate adaptability and support for preference customers as they work to comply with evolving state and other requirements, especially those related to carbon.

Comments in opposition were received from Northwest Requirements Utilities, Cowlitz PUD, and Rick Paschall. Commenters expressed a general concern for potential cost shifts to other

customers, and, more specifically, a concern that granting this request could have an adverse impact on other customers' access to BPA power sold at Tier 1 rates. These commenters expressed a preference that BPA not grant the request, or if granting, that the determination be conditioned on preventing a reduction in the amount of power that would otherwise be available and sold at Tier 1 rates to other customers.

Commenters expressing other considerations included Pacific Northwest Generating Cooperative, Northwest Energy Coalition, Northwest & Intermountain Power Producers Coalition, and bluefish.org. Overall these commenters expressed an interest for more information on a number of topics including Transmission impacts of River Road, alternative compliance and resource options for Clark under CETA, and treatment of customer resources generally under Post-2028 contracts.

After considering feedback received and BPA's own analysis, BPA has concluded that it will consent to the partial discontinuance/reduction of River Road for service to Clark load and replacement of that service, if requested, with the conditions described below.

First, BPA grants a partial discontinuance in the amount of River Road energy that is dedicated to serving Clark load from 225 aMW to 102 aMW beginning October 1, 2028. Consistent with Clark's request, BPA does not consent to a change in the dedicated capacity of River Road, as the peaking capability of River Road will remain available and accessible to Clark. As such, River Road's dedicated capacity for meeting Clark's peak requirements will remain 248 MW under the post-2028 requirements power sales agreement. Subject to additional terms to be developed in the post-2028 agreement, including those specific to any peak net requirement, BPA expects River Road's full generating capability will be applied to serve Clark load at Clark's peak load hours. At off-peak times Clark may operate River Road at lower levels as necessary to meet CETA requirements. BPA acknowledges River Road's minimum generation requirements and the need for flexibility to market excess generation on a limited, short-term basis.

Second, BPA and Clark will revisit the dedicated energy amounts, including the possibility of returning those amounts to the original 225 aMW of dedicated energy, if implementation of CETA is delayed or if there are other operational changes that materially increase the annual average River Road generation planned to serve Clark load. Any updates to the dedicated energy amounts for River Road would require mutual agreement by BPA and Clark, and Clark may be subject to additional costs consistent with the terms of the post-2028 agreement including any take-or-pay requirements. Such costs would be established in a BPA 7(i) rates proceeding.

Third, this consent by the Administrator does not establish any specific rate treatment in the event Clark in the future requests firm power from the Administrator to replace the amount of River Road's partially discontinued dedicated energy amount. Such rate treatment will be established in future processes associated with BPA's post-2028 Provider of Choice initiative.

Fourth, any terms and conditions necessary to ensure that Clark's application of River Road is consistent with regional Resource Adequacy requirements, as applicable, will also be established in future processes associated with BPA's post-2028 Provider of Choice initiative.

Finally, this Administrator's determination does not alter any aspect of BPA's current policy on Determining Net Requirements of Pacific Northwest Utility Customers under Sections 5(b)(1) and 9(c) of the Northwest Power Act. That policy will continue to apply to Clark's sales of excess River Road generation, including both regional and extra-regional resource sales by Clark and any other BPA customer utilities. As noted above, BPA expects Clark will continue to prioritize serving Clark load with River Road generation and that any excess generation will be marketed on a limited, short term basis. In the event Clark wishes to make a sale of excess River Road generation for a term of one year or longer, such sale would need to follow requirements for Public and Regional Preference including first being made available for sale to BPA or other BPA power customers.

BPA appreciates the comments provided and interest shown by customers and stakeholders in this matter. If you have any questions about this decision, please contact your Account Executive.

Sincerely,

Suzanne B. Cooper
Senior Vice President, Power Services