



Energizing Life in Our Communities

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Submitted via email: post2028@bpa.gov

Public Utility District No. 1 of Snohomish County (Snohomish) appreciates the opportunity to provide comments.

These comments provide feedback on the following topics:

1. Thank you to BPA staff
2. Support For PPC Comments
3. Equity concerns on new 50% load growth proposal
4. Conservation
5. Peak Net Requirements

1. Thank you to BPA staff

As we close the Provider of Choice workshop series, it's important to acknowledge BPA staff's efforts putting that workshop series together. Snohomish sincerely appreciates the efforts of BPA staff to develop proposals, provide venues of engagement, and move the process closer to contracts. Snohomish remains committed to engaging in the process respectfully and is actively looking for regional compromises that help all parties prepare for the future.

2. Support for PPC Comments

Snohomish supports the comments submitted by Public Power Council, particularly their key principle that the Post-2028 contract offering "attempt to achieve outcomes where possible that leave customers at least "no worse off" than the Regional Dialogue contract and generally minimize harmful outcomes. From Snohomish's perspective, "no worse off" can be measured across the contract seam using Tier 1 allocation changes, cost shifts and effective rates, and the viability of product offerings.

3. Equity Concerns on New 50% Load Growth Proposal

Snohomish is concerned about recent comments advocating for 50% of Regional Dialogue contract load growth to be included in the Contract High Water Mark (CHWM) allocation methodology, while keeping other variables constant. This proposal has been put forth by utilities with significant above-high-water-mark load, for the exclusive benefit of utilities with above-high-

water-mark load, and would create significant cost shifts to those utilities that managed their load growth through the Regional Dialogue term. Such a policy decision would undermine the core tenet of the Tiered Rates Methodology that “growth pays for growth” by asking those utilities that invested their community’s dollars in mitigating local growth to also subsidize the load growth of other communities through a reallocation of their Tier 1 resources.

Both public power and businesses represented by the Alliance of Western Energy Consumers (AWEC) rejected the previous proposal to use a 50% load growth allocation mechanism in CHWM when the proposal assumed a 7,500 MW system size because it would create fundamentally inequitable outcomes. Likewise, new proposals that utilize the 50% load growth allocation and assume a 7,250 MW system size also create inequitable outcomes, and in fact exacerbate the inequities between customer groups. Snohomish urges BPA to use a long-term, durable, and equitable policy basis for allocation decisions, to minimize cross-subsidization across customers, and to send clear policy signals for desired utility actions into the next contract.

4. Conservation

Snohomish reiterates its previous comments that the current basis of self-funded conservation achievements is an inappropriate measurement, and that a more appropriate measurement is available. Narrowly defining self-funded conservation by limiting accepted measures to only those reported to BPA through its billing reimbursement processes and those that used BPA’s program measures is inaccurate. Such a definition is inconsistent with the purpose of that reporting mechanism, and out-of-step with why customers were interested in self-funding conservation in the first place.

Self-funding conservation is appealing to utilities as it capitalizes on the ability of customers to identify and implement conservation measures faster than BPA could identify them and incorporate them into its Conservation program; self-funding represents an opportunity to access cheaper, faster conservation. These faster, cheaper measures were consequently not reportable to BPA’s EEI reimbursement tool, but they are real, audited, and verifiable measures that in many cases eventually became BPA Program Measures.

Unfortunately, BPA’s proposal to only look back through BP-20 and BP-22 to recognize this unreported conservation misses most of the opportunity to address these mismatches of programmatic recognition and time. However, there is a practical resolution. Utilities and BPA all report conservation to the Northwest Power and Conservation Council (NWPCC), and this is parsed into BPA program-funded and utility-funded conservation. This data represents the real, verifiable measures that are actually used to quantify BPA and the region’s conservation achievements relative to the regional target.

Recognizing the totality of self-funded conservation is also supported by BPA’s existing practices. **BPA has claimed all customer self-funded conservation as BPA conservation, not just reportable self-funded conservation, to the NWPCC for all years of the Regional Dialogue contract.** Conservation achieved by customers, whether reportable under BPA’s rules or not, has contributed to BPA’s progress toward meeting its regional target. Therefore, BPA has already counted this customer conservation in the most relevant context, and should recognize these contributions in the CHWM conservation credit methodology. BPA should align its CHWM process with the regional process for conservation

accounting, utilizing the most robust source of customer self-funded conservation data, and using NWPCC data to account for self-funded conservation.

Snohomish reiterates that BPA's policies on conservation treatment effectively change the economics for self-funded conservation by introducing a penalty on the fastest, cheapest conservation which was the impetus for customer interest in self-funding a portion of conservation. Under such a circumstance, self-funded conservation would lose its central value proposition in the BPA Conservation Program, all BPA customers stand to lose the benefit of this lower cost conservation, and BPA risks falling shorter of its conservation targets. **If the policy impact of conservation adjustments significantly negatively impacts the economics of self-funded conservation, BPA should revisit conservation funding, and consider funding 100% of conservation in order to avoid falling shorter on regional targets.**

5. Peak Net Requirements

Snohomish is a funding participant in the Markets + Development effort, and as a result, serves on multiple design groups and task forces. In that context, Snohomish is concerned about incongruities in the peak net requirements definition and resource adequacy and resource sufficiency obligations of Balancing Authorities that may present themselves. These incongruities could result from the misapplication of the WRAP capacity obligations in the peak net requirements definition, which are well articulated in the comments submitted by Seattle City Light on April 28, 2023. Snohomish shares concerns about the misapplication of the regional resource adequacy standard and is further concerned about its potential to be incongruent with a major market development effort.

Given the lack of transparency on how Peak Net Requirements would be applied to products and rates, and how it may or may not be compatible with organized markets, considering a specific Peak Net Requirements definition within a Draft Policy Record of Decision is inappropriate.

Snohomish appreciates the hard work of BPA staff throughout the Provider of Choice workshop series, the opportunity to share our perspectives on policy and contract issues, and we welcome additional discussion in pursuit of practical, and durable contracts for BPA and its customers.

Respectfully,

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