**NLSL Group Comments on the November 28th RP-24 Workshop**

The NLSL Group[[1]](#footnote-1) is closely following BPA’s current Resource Program (RP24) stakeholder process and, given the magnitude of expected load growth, believes that resource acquisition decisions made by BPA and customers over the next several years are the most critical decisions that have faced the region for the past couple decades. Members of the NLSL Group are experiencing unprecedented requests from developers that would like to locate large loads that would qualify as NLSLs within their service territory, but it is unclear how these loads can be served given changes in the energy markets, BPA’s post-2028 power products, and BPA’s ability to develop transmission solutions for new generating resources. The NLSL Group believes that RP-24 is an opportunity to develop a collaborative process between BPA and customers who will have a need to acquire resources for load that is not met by BPA’s post-2028 contracts and offers these comments on NLSL issues related to the November 28th RP-24 workshop.

**Scale of NLSL Load Growth**

The NLSL Group is pleased that BPA worked across business lines to develop a range of potential data center load from 2033. This estimate showed 1.6-5.2 GW of data center load by the time new Provider of Choice (PoC) contracts go into effect in FY29. Even though many potential NLSLs have non-disclosure agreements in place with the prospective utility that make it difficult to share specific estimates with other parties, the NLSL Group has reason to believe that the amount of data center load is more likely to be in the upper portion of the range rather than the lower portion. In other words, the NLSL Group believes that the midpoint of the estimate, 3.4 GWs in FY29, is more likely the minimum amount of data center load that can be expected and that these midpoint estimates should be the base assumption for data center load used for planning purposes. These data center midpoint estimates should then be combined with non-data center NLSL estimates (e.g., food processing facilities) to produce a total NLSL estimate that should be incorporated into RP-24. The NLSL Group would like BPA to provide this data at the next RP-24 workshop.

**NLSL Load Service**

In Regional Dialogue contracts, there are three options in which an NLSL may be served for load following customers:

* By BPA via the New Resources (NR) rate
* With third-party purchases combined with BPA Power’s (BPAP) Energy Shaping Service (ESS) (energy and capacity charges)
* With non-Federal resources that may be combined with BPA’s NR Resource Flattening Service (NRFS), Resource Shaping Charge (RSC), RSC Adjustment, and ESS as well as Generation Imbalance (GI) charged by BPA Transmission (BPAT).

Decisions on NLSL load service will include the following considerations:

* Economics of the load service options

To date, there have been no NLSLs served by BPA at the NR rate due to the high costs and inability to change contract elections within the 20-year Regional Dialogue contract period. Generally, most NLSLs are served by third-party purchases (many are from unspecified resources) combined with ESS. However, it is not clear whether there will be market liquidity for long-term block purchases as markets evolve in the West. It is also not clear how the costs of acquiring non-Federal resources coupled with the layers of BPA integration costs, an unknown risk of high Unauthorized Increase (UAI) penalties and unknown FCRPS supply for integration services will compare with the NR rate.

* Desire to participate in the Western Resource Adequacy Program (WRAP)

Participation in WRAP requires a load responsible entity (LRE) to specify resources that are required to meet peak demand plus a planning reserve margin (PRM). If an NLSL elects NR service, our understanding is that BPA becomes the LRE for that load, so participation in WRAP will be via BPA. If an NLSL elects either third-party purchases or non-Federal resources, these must be from specified resources and have sufficient qualified capacity to meet expected peak demand plus a PRM. NLSLs that do not elect NR service or acquire sufficient qualified capacity will need to go through a load exclusion process in WRAP, which has not yet been defined.

* Alignment with the evolution of energy markets.

As mentioned above, current NLSL load is generally served by third-party purchases either made annually, monthly or day-ahead. As energy markets evolve from bilaterally traded blocks to organized markets with hourly and sub-hourly dispatches, the conventional wisdom is that the liquidity of bilateral trading of physical blocks of power will diminish. It is also not clear how existing integration services provided by BPAP will function in an organized market. In addition, NLSLs with flexible demand or behind-the-meter generation will be interested in participating in markets that recognize the capacity and energy value of demand response.

* Transmission Availability

Regardless of the method for serving NLSL load, sufficient transmission is required to assure that generation can be delivered to the NLSL. The NLSL Group is hopeful that proposed queue reforms will streamline the development of non-Federal resources that may be used to serve NLSL load, however the timing of non-Federal resource development and the development of new PoC contracts may not be aligned.

It is also not clear whether there is sufficient NT transmission service available to meet this additional NLSL demand. Discussions at the November 8th NITS Roundtable meeting hinted at implications for new network load, which left some attendees requiring more detailed information about NT access for new NLSLs.

**Incorporating NLSLs into RP-24**

In the November 28th workshop, BPA proposed to exclude NLSLs from both the Base and Fast Transition scenarios. Instead, BPA proposed to perform a sensitivity study that would treat some amount of NLSL and IOU load taking NR service as a flat block. Given the magnitude of NLSL growth, the NLSL Group believes that there will be an impact to the Needs Assessment regardless of the method of load service.

In addition, in response to policy mandates for generating resources with zero carbon emissions, many new resources being developed in the region will be variable resources. It is imperative that existing long-term transmission rights be utilized to meet load obligations without having the benefit of dispatchable resources or a liquid firm market that the existing transmission system was designed around. The NLSL Group believes that it is likely that there will be less reliance on third-party block purchases and more uses of BPA NR load service and non-Federal generation and that it is more likely that BPA will be asked to serve NLSL load at the NR Rate if there is not a clear path for non-federal resource development in place by the time new PoC contracts are to be signed or if there is no contract flexibility for NR rate election.

Finally, it is not clear whether there is sufficient FCRPS capacity to supply integration services (ESS, NRFS, RSC, RSC Adjustment, GI)for new non-Federal resources that may be necessary to serve NLSL load. Members of the NLSL Group have raised questions as to whether the 2024 Resource Program has considered scenarios that utilize non-FCRPS resources (such as storage resources) to support transmission services, thereby freeing up flexibility within the FCRPS hydro system to provide BPAP products to either integrate non-federal resources and/or provide load service.

The NLSL Group would like BPA to consider the following as part of the Base and Fast Transition cases:

* At a minimum, BPA should include any NLSL that has requested NR service during the study period
* BPA should develop a methodology for capturing the impacts of integration services (ESS, NRFS, RSC, RSC Adjustment, GI) in Needs Assessment studies
* The studies should include an explicit assumption for how NLSLs are treated (for example, 25% at the NR rate, 50% with non-federal resources plus integration services, 25% block purchases with ESS)
* The resource program should include a specific analysis on the FCRPS capability to provide integration service, which should be a One-BPA approach that considers the needs of BPAP customers and the needs of BPAT to maintain load/resource balance.
* The high load factor nature of many NLSLs and appropriate resources to serve this load should be considered for those electing to be served at the NR Rate.
* BPA needs to consider and discuss with customers how BPAP/BPAT products and services can be studied based on expected shapes of load and non-federal generation acquired to meet that load. For example, BPAP products using a HLH/LLH index may not be appropriate as the region moves to a day-ahead market with hourly granularity. The NLSL Group believes that a collaborative approach to create durable solutions on how NLSL load will be served with the expected mix of future resources is necessary.

**Resource Program Stakeholder Engagement**

The NLSL Group believes that collaboration between BPAP/BPAT and their customers is critical in order to develop solutions for using non-federal generation to meet loads not met by BPAP. BPA’s Resource Program offers a unique opportunity to utilize a modeling framework that uses modern analytical tools to perform not only Needs Assessment for BPAP, but also assess the needs of BPAT for balancing services. The NLSL Group is very open to establishing a process that brings stakeholders together with BPAP/BPAT to better understand the detailed modeling assumptions and methodologies.

1. The NLSL Group is comprised of BPA preference customers who serve or expect to serve retail members and customers that the Northwest Power Act categorizes as “New Large Single Loads” (NLSLs). Member utilities include: Umatilla Electric Cooperative, Northern Wasco County PUD, Grant PUD, PNGC Power, Emerald PUD, Klickitat PUD, and Eugene Water and Electric Board. [↑](#footnote-ref-1)