

July 13, 2022

Submitted via email to techforum@bpa.gov

Northwest Requirements Utilities (“NRU”) submits these comments in response to Bonneville Power Administration’s (“BPA”) June 29, 2022 BP-24 and TC-24 Rate Case Workshop (“Workshop”). As you know, NRU represents the interests of 56 Load-Following customers located in 7 states across the region that hold Network Transmission contracts with BPA and hold power contracts for almost 30% of BPA’s Tier 1 load. Of primary importance to NRU members is BPA’s ability to offer an affordable and reliable power supply and transmission that maximizes the value of the Federal system for the benefit of preference customers.

The Workshop reviewed a number of issues and proposals. The following comments outline NRU’s initial response to the proposals.

1. Proposal for a carbon cost adder to account for the low carbon attributes associated with power sold at Tier 2 rates.

As NRU understands the proposal, BPA is considering whether to increase Tier 2 rates to reflect the lost opportunity of selling BPA power and the associated benefits that would accrue from BPA’s competitive advantage compared to other entities transacting electricity in the wholesale market. Under the Tiered Rate Methodology, “each Tier 2 Rate will be established to recover all the costs allocated to the associated Tier 2 Cost Pool.” As NRU understands the proposal, the addition of a carbon cost would not reflect any actual cost, rather it would reflect lost market opportunity. For this primary reason, NRU opposes the proposal.

To the extent that BPA experiences an increased cost associated with carbon regulation, NRU would anticipate that cost would be appropriate to include in rates. At this time, however, NRU has questions regarding the appropriate approach to represent those costs in rates. As the Washington cap-and-invest program matures and takes effect, the appropriate approach will likely be easier to understand.

2. Western Resource Adequacy Program (WRAP) credit if BPA makes a market purchase to meet its Tier 2 obligations that can be traced to a physical resource (and if BPA joins the binding phase of the WRAP).

NRU understands the intent of BPA's proposal is to align the treatment of specified, physical resources to meet utilities' above Rate Period High Water Mark Load from a resource adequacy perspective, whether through BPA-marketed power sold at Tier 2 rates or through non-federal resources procured by preference utilities. NRU has a generally positive reaction to the proposal and looks forward to further discussions on this issue.

3. If there is sufficient interest, BPA proposes to offer a Tier 2 Vintage rate for the remainder of the Regional Dialogue contracts.

Regarding the proposal to offer a vintage Tier 2 product, NRU believes the product may provide benefits to preference customers, assuming enough customers indicate interest and the customers have the ability to respond in the timeline developed by BPA. Additionally, NRU requests a sample scenario to understand how the fuel mix and reported renewable energy credit allocation associated with this option would work.

4. BPA proposes to move to a monthly average network loss factor.

Regarding the proposal to identify a monthly line loss factor, rather than a seasonal loss factor, it is unclear whether the granularity achieved with a monthly loss factor would justify the additional administration of the proposal. NRU requests a review of any increased costs compared to the assumed benefits of the proposal.

5. BPA proposes to eliminate the loss factor applied to the Utility Delivery segment.

NRU supports eliminating the Utility Delivery Charge and views the proposal to eliminate the loss factor applied to the Utility Delivery segment in the same light. Therefore, NRU supports the concept. NRU requests a sample scenario to ensure understanding of the impact to customers' rates.

6. BPA proposes to update the basis for determining the unauthorized increase (UAI) energy charge.

NRU would like more information regarding this proposal to understand the impact it would have on the UAI charge.

We appreciate the public process and open dialogue provided by BPA. Thank you for considering these comments and questions.

Sincerely,

/s/ Tashiana Wangler

Tashiana Wangler
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