



July 2, 2024

Joel Cook
BPA Chief Operating Officer
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Re: Resource Planning Process

Dear Joel,

Klickitat PUD participated in the June 10th, 2024 Resource Program meeting hosted by BPA and we appreciate the efforts put into this important initiative by your staff. The scope is daunting in a region that is changing as quickly as ours is.

After thinking through and discussing that call with our staff and in consideration of the questions asked at the meeting and among our staff, there are some concerns we wanted to formally put forth to you. Our concerns center around three elements.

1. The program process and doing things the way they have always been done in spite of a changing market place.
2. The impacts on reliability of differing resource options.
3. The exclusion of natural gas options in the planning process, in spite of the fact they are low cost, necessary for reliability and are acceptable in many areas of your service territory.

First, the January cold weather event highlighted the realities of multi-day temperature events and the weakness of intermittent renewable resources to provide ANY capacity, or even any energy in the January case, when the region needs it the most. We cannot and should not rely on market purchases for reliability and this has been identified and flagged in the WRAP. If the 5,000 aMW that was imported during that week was not available, we would not have been able to meet loads in the region during some of the coldest weather we have experienced in recent memory. Clearly, this problem will get worse as loads grow, base load generation is retired and transmission constraints get even worse. This is not a short-term problem or one we will face in the future, we are seeing it right now. The situation needs long term solutions and a transition plan. If BPA and its customers cannot lead the region in highlighting the reliability and cost hurdles of the alternatives being considered, the coming system reliability impacts will be our fault collectively for not establishing a reliable path.

We are under the impression that the 18 hour capacity metric was historically used to cover these contingencies. However, with changes in the renewable content on our electric system it is no longer adequate for the situations it was put in place to cover. We asked about this on the call and received “this is the measure we have” as an answer. We do not think this is an acceptable answer because your customers will pay the price. My customers will pay it, not BPA. For example, the test only covers three days when clearly in the January event and other extreme weather events last longer than that. The test is also stated to be a monthly average covering six hours a day under normal water conditions. A monthly average and a normal water year is not an adequate measure during weather events which are now expected occurrences. Overall, such traditional approaches are not an accurate representation of the current system and the system constraints will only get larger in the coming years. The lessons learned from the January and other weather events and operating anomalies must be applied.

Second, BPA needs to acknowledge that the portfolio options are dependent on transmission that does not exist and will not exist for at least a decade, if that soon. The current resource proposal includes 30,000 MWs of wind and solar in the next 10 years. The siting issues and transmission routing issues are not part of the costs or schedule in the resource plan. That is not acceptable as the model is not actually a complete model. BPA is therefore putting out a study that suggests these options are reliable and valid. With no capacity factor provided by these resources or transmission costs and timelines identified, this is not a reliable option.

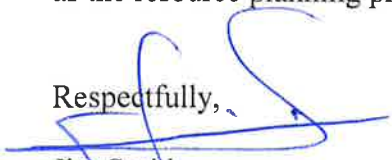
BPA needs to discuss reliability in real terms, not in terms of loss of load probabilities. Even the NW Power and Conservation Council is moving away from those measures.

Finally, BPA needs to run an “all resources” portfolio that includes CCCT technology for reference. We cannot pretend that CCCT options are not more reliable and cost effective than other options. This needs to be highlighted to the region and your customers need to know the difference between what is being proposed versus the least cost reliable option. BPA’s own study on the value of the Lower Snake River Dams indicated that the option to replace the power from the LSRDs by overbuilding wind and solar is “cost prohibitive”. These are words right out of BPA’s study. How, then, can BPA propose that same mix in their resource plan? You can likely understand the position that we are in if we, as BPA customers, have to pay these costs and then have to try and provide service to our customers without the generation resources to do it reliably. As public utilities, that is not fulfilling our societal duty.

What we need from the resource program is an approach where all available options are put forth and the reliability and cost issues with each option are discussed in detail so that the alternatives may be adequately evaluated. If it is clear that intermittent resources have no reliable capacity contribution to the system for peak load times at all, how can we assign them a capacity value in studies? BPA cannot and should not put forth resource plans where the implications of those alternatives are not made clear. Otherwise those interested in specific outcomes will point to your own resource plan and state that the utility industry believes that overbuilding wind and solar is the best path forward. Klickitat for one does not believe that this is the case. Someone must start telling the complete story on reliability, transmission constraints, costs and the capacity needs of the system. CAISO just issued a statement that their system will be reliable this summer, IF THERE ARE NO EXTREME WEATHER EVENTS. That is a ridiculous statement from any perspective.

Thank you and your team for all your hard work and your consideration of our perspective which I know is shared by others in public power. We hope that we can engage further on these issues as the resource planning process moves forward.

Respectfully,



Jim Smith
General Manager, Klickitat PUD

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Scott Simms, PPC