



COMMISSIONERS
THOMAS FARMER
JULI TUSON
JEFF McHARGUE
MANAGER
ANNETTE CREEKPAUM

March 1, 2023

John Hairston
Administrator
Bonneville Power Administration

Submitted electronically via post2028@bpa.gov

RE: BPA Provider of Choice Workshop

Dear Administrator Hairston:

Mason PUD 3 appreciates this opportunity to comment on BPA's Provider of Choice workshops held on February 21 and 22. Mason 3 is a non-profit, locally governed utility at the base of the Olympic Peninsula that provides electric service to approximately 35,000 customers. As a preference customer, Mason 3 has a priority right to purchase wholesale power from BPA at cost. Doing so supports its mission to connect its community with safe, reliable, economical, and sustainable services, 24/7.

The ability to attend some of the Provider of Choice workshops in-person has been valuable. Many have taken advantage of it and as a result there has been more engagement overall. BPA's team has done an excellent job providing background information, objectives and intent, the proposed framework, and a great platform and space for providing feedback. Mason 3's feedback is on three of the main topics discussed: Peak Net Requirements; Products; and Above-HWM load service.

Peak Net Requirements

It is a great challenge to rigidly think about Peak Net Requirements (PNR) without understanding how it interplays between many related topics such as services, products, rates (including how BPA's demand rate will be structured and applied post-2028), resource adequacy, and compliance obligations. It is a huge undertaking that should be considered with caution. The feedback provided herein is given without this thorough understanding so it should be received with that notion in mind.

The goals outlined by BPA provide a good basis and all are important. For this section, the focus will be on planning for expected loads. Mason 3 is conflicted about the inputs utilized in the Total Retail Load portion of the (energy and peak) Net Requirement. It's easy to theorize that a 1:2 forecasted (energy or peak) load is potentially a reasonable basis, but does it really provide an "expected case?" As an industry we continually talk about a large event occurring every 10 years and that measurement tends to be used yet now large excursion events happen with a lot more frequency. From working with BPA's load forecasting team Mason 3's staff knows BPA uses a 3:10 event methodology for its OATT peak calculation (specifically it determines the three (3) largest peaks for each Point of Delivery (POD) in the last 10 years, chooses the smallest of the three (3), then sums up all the POD outputs to obtain the customer's total). A 1:2 forecast might be closer than a 3:10 forecast when trying to determine the "expected case." It's difficult to consider it properly without fully understanding how the outcome could

Peak Net Requirements (continued)

be used and this can have different implications for each of the products. Mason 3 is not suggesting the 3:10 forecast be used and is choosing not to fully support the 1:2 forecast at this time. Instead, it is challenging BPA to re-think what an “expected case” would be knowing old metrics might be outdated today given the reality of the increase in these types of events.

Products

Overall, Mason 3 is supportive of BPA’s direction with the load following product. BPA does handle the planning element for its load following customers since it is obligated to serve the load on an hourly basis. Given this it is logical that BPA would take on the load-responsible-entity obligations.

What Mason 3 really wants is the option to choose a “Green” load following product where (unspecified) market purchases are limited to those needed in the short term (less than 30 days). Ultimately, this is the goal, and it would be exciting to see it offered in this contract.

As BPA pointed out, planned product customers are responsible to take on its planning element as well as the associated risk for serving its variation in load and resources with any gaps served by its own non-federal resources. Although BPA’s intent and design are understood it ends up creating great difficulty for some planned product customers that are entering the voluntary Western Resource Adequacy Program (WRAP). Admittedly, it is not completely understood why they must completely lean on BPA to meet the WRAP compliance requirements nonetheless a WRAP-compliant planned product should be considered given the severity of the resource adequacy concerns in the Pacific Northwest and the inherent need to support efforts to provide a solution. With that said, BPA should keep in mind all the factors discussed above when considering rate and carbon implications. For instance, maybe the product is offered but any amounts over a certain threshold is priced at whatever it cost BPA (e.g., market index). Alternatively, if offering this type of product means an increase to BPA’s long-term unspecified purchases (greater than 30 days) then it likely would be a non-starter for Mason 3.

Above-HWM Load Service

Mason 3 agrees with BPA’s intent for the Above-HWM load service. The addition of not having to apply Resource Support Services (RSS) to new physical dedicated non-federal resources between 1 and 5 MW is appreciated. It would have even more value if two changes could be made to the proposal: 1) increase the amount to take into account variable resources that have a low-capacity factor or change it from nameplate to expected generation, and 2) remove the requirement that the resources be sited in the customer’s service territory.

Having several Above-HWM options is a considerable improvement. Is it possible to somehow make the Long-Term Tier 2 Rate option “Green” where (unspecified) market purchases are limited to those needed in the short term (less than 30 days)? Ultimately, a fully “Green” product is Mason 3’s resource goal and when considering that foundation the only option seems to be a Vintage Resource however it is uncertain when, or if, it will be offered and if the conditions will be acceptable.

Administrator John Hairston
March 1, 2023
Page 3 of 3

Above-HWM Load Service (continued)

It is understood that dealing with the complexity of remarketing services is not optimal however it is tough to imagine Mason 3 taking this on without BPA's management of it. Instead of treating it as an advanced sale of surplus, this service should still be provided by BPA.

The use of the Existing Firm Inventory to serve Above-HWM load at the Tier 1 rate is a great benefit and makes for an attractive option. This benefit however will be greatly reduced if BPA were to increase the system size over its proposed amount.

Mason 3 supports BPA's stance not to pursue the concept regarding the use of firm and secondary inventory to meet Above-HWM loads at a Tier 1 rate.

Mason 3's staff really listened to BPA's rationale for RSS. The need for this service is better understood however there is interest to lower its cost and re-visit how it is calculated to see if it can be simplified.

Thank you for your consideration of these comments. Mason 3 looks forward to continuing to work with BPA and public power on these very complex issues.

Sincerely,

Annette Creekpaum
Annette Creekpaum (Mar 1, 2023 09:51 PST)

Annette Creekpaum
General Manager

AC/mp