

June 2, 2022

Via email:

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U.S. Department of Energy

Bonneville Power Administration

Re: Comments of Avista Corporation, NorthWestern Corporation, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. Regarding BPA Post-2028 Carbon and Environmental Attributes; Sharing the Benefits of the FCRPS; and BPA Provider of Choice Goals and Principles

Avista Corporation, NorthWestern Corporation, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. (“Commenting Parties”) submit these comments on the following:

- (i) BPA Post-2028 Carbon and Environmental Attributes¹ are economic benefits of the Federal Columbia River Power System (“FCRPS”) and should be allocated to purchasers of BPA power, including utilities that participate in the Residential Exchange Program (“REP”);
- (ii) the REP is intended to allow the residential and small farm consumers of the region's investor-owned utilities (“IOUs”) to share in the economic benefits of the FCRPS, including the benefits of Carbon and Environmental Attributes, and
- (iii) the BPA Provider of Choice goals and principles² should be consistent with such allocation and sharing.

¹ BPA made a September 28, 2021, presentation titled “Provider of Choice Discussion: Carbon and Environmental Attribute Options” at a “PC Rates and Contracts Forum.” These comments provide context with respect to BPA Post-2028 Carbon and Environmental Attributes from the perspective of Commenting Parties, which intend to participate in BPA’s post-2028 REP) (and which may also pursue purchase of post-2028 non-REP power from BPA). That presentation (“September 28 Presentation”) is available at <https://www.bpa.gov/-/media/Aep/power/provider-of-choice/final-sept-28--ppc-carbon-discussion-9-23-21.pdf>.

² BPA made a May 19, 2022, presentation titled “Provider of Choice Workshop: Goals and Principles,” That presentation (“May 19 Presentation”) is available at <https://www.bpa.gov/-/media/Aep/power/provider-of-choice/20220519-provider-of-choice-workshop.pdf>.

1. The REP Is Intended to Allow the Residential and Small Farm Consumers of The Region's IOUs to Share in the Economic Benefits of the FCRPS

The REP is intended to allow the residential and small farm consumers of the region's IOUs to share in all of the economic benefits of the lower-cost Federal resources marketed by BPA:

Section 5(c) of S. 885 contains provisions for a residential power "exchange". Under these provisions, any utility in the region would be entitled to sell to BPA an amount of power equal to the utility's residential and small farm load at the "average system cost" of such power and BPA would be required to sell back to each such utility an equivalent amount of power at a rate identical to what preference customers pay BPA for power to meet their "general requirements" (subject to a "rate ceiling").

Although this exchange is technically available for use by any utility in the region, including preference utilities, it is anticipated that the region's investor-owned utilities will make primary use of it. This exchange will allow the residential and small farm consumers of the region's IOUs to share in the economic benefits of the lower-cost Federal resources marketed by BPA and will provide these consumers wholesale rate parity with residential consumers or preference utilities in the region. Customers of preference utilities will not suffer any adverse economic consequences as a result of this exchange since, as discussed below, the direct-service industrial customers of BPA are required to pay the costs of the exchange during its initial years while a "rate ceiling" protects the customers of preference utilities during later years. The cost benefits of any exchange are required under section 5(c)(3) to be passed directly through to the appropriate residential and small farm consumers. . . .

H.R. Rep. No 96-976, Part II (1980) at pages 34-35 (emphasis added).

2. The Benefits of BPA Carbon and Environmental Attributes Are Economic Benefits of the FCRPS and Should be Allocated to Purchasers of BPA Power, Including Utilities that Participate in the REP

BPA Carbon and Environmental Attributes that are created by or arise in connection with generating resources and assist in compliance with carbon or environmental requirements should be allocated to (or the benefits of such Carbon and Environmental attributes should be allocated to) BPA customers who pay the cost of those resources. These BPA customers are generally the purchasers of BPA power under Northwest Power Act section 5, including utilities that participate in the REP³ and thereby pay BPA the Priority Firm Exchange Rate for BPA power.⁴ In this regard, the September 28 Presentation states that all renewable energy credits created by the FCRPS are distributed to BPA Regional Dialogue power purchasers and to IOUs through the current Residential Exchange Settlement:

³ Pursuant to Northwest Power Act section 5(c) ("Purchase and exchange sales").

⁴ See, e.g., BPA 2022 Power Rate Schedules and General Rate Schedule Provisions, BP-22-A-02-AP01 (July 2021) (available at <https://ratecase.bpa.gov/openfile.aspx?fileName=BP-22-A-02-AP01+App+B+Power+Rate+Schedules+and+GRSPs.pdf&contentType=application%2fpdf>) at page 14.

All of the RECs created by the FCRPS are distributed to RD customers and IOUs through the Residential Exchange Settlement.⁵

In short, BPA Carbon and Environmental Attributes (or the benefits thereof) should be allocated to purchasers of BPA power, including purchasers of BPA power under the REP.

3. The BPA Provider of Choice Goals and Principles Should Be Consistent with Allowing the Residential and Small Farm Consumers of The Region's IOUs to Share in the Economic Benefits of the FCRPS Including the Benefits of BPA Carbon and Environmental Attributes

The May 19 Presentation discussed BPA's Provider of Choice Goals and Principles, which consisted of general statements of goals and principles. BPA's Provider of Choice Goals and Principles should be consistent with allowing the residential and small farm consumers of the region's IOUs to share in the economic benefits of the FCRPS including the benefits of BPA Carbon and Environmental Attributes.

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Nothing contained in these comments constitutes a waiver or relinquishment of any rights or remedies provided by applicable law or provided under BPA's Tariff or otherwise under contract. Commenting Parties appreciate BPA's review of these comments and consideration of the recommendations contained herein. By return e-mail, please confirm BPA's receipt of these comments.

⁵ September 28 Presentation at page 12.