



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER SERVICES

July 28, 2022

In reply refer to: PS-6

To Customers interested in Provider of Choice Concept Paper:

With the release of the Bonneville Provider of Choice Concept Paper last week, we received feedback on its ideas, approaches, and concepts. Our proposed methodology for implementing a peak net requirements triggered significant concern from some customers. We hear these concerns. We also recognize that without yet defining associated product and/or rate design adjustments, a peak net requirements ultimate impact is uncertain. We remain committed to working together towards mutually agreeable outcomes.

While we are tracking the entire array of topics and ideas for upcoming workshops, we would like to address this issue in advance of such workshops by forming a peak net requirements customer task force to navigate alternative methodologies. PPC has agreed to convene interested customer utility subject matter experts to partner with BPA's SMEs. I envision this group will surface potential implementation methods, critically assessing methodology implications, convening analyses, and providing input on associated product design and/or rate design considerations. This work will initiate in advance of public workshops, where formal alternatives will be discussed.

The Concept Paper's proposed methodology is one possible methodology, selected as our starting point due to the broad regional utility engagement in the Western Resource Adequacy Program development to date. We have heard general concerns about the interplay a peak net requirements introduces between energy and capacity and about the specific impacts the proposed methodology could have on customers with hydro resources. These concerns, among others, warrant deep consideration. As I have emphasized, we are open to alternatives.

During his opening remarks at the July 21 workshop, John Hairston noted that we see a need to implement a peak net requirements. It is critical to have a methodology for determining the peaking contribution of customer resources. This very topic was considered during the Regional Dialogue development. In fact, our Regional Dialogue contracts retain a provision for defining a peak net requirements methodology mid-contract. Looking towards the future, we see a peak net requirements as a tool to ensure the broadest possible application of BPA's available capacity for regional load service.

I thank you in advance for your partnership to identify a mutually workable future.

Sincerely,

Kim Thompson
Vice President for NW Requirements Marketing