

August 23, 2022

Bonneville Power Administration
905 NE 11th Ave.
Portland, OR 97232

Re: BPA Provider of Choice Concept Paper

Public Utility District No. 2 of Grant County (Grant PUD) appreciates the opportunity to offer comments regarding BPA's Provider of Choice Concept Paper. Grant PUD is a contributor to the Public Power Council (PPC) Concept Paper, which provided recommendations for meeting the holistic needs of public power and to enable a successful Provider of Choice Final Policy. Grant PUD is pleased that BPA has considered many of the PPC recommendations in its Concept Paper. Grant PUD submits the following comments to highlight some areas of interest to Grant PUD for BPA's further consideration.

System Size

Grant PUD appreciates BPA's willingness to consider various options for system size and would like BPA to further analyze and consider options that include a Tier 1 system size greater than 7,000 aMW.

Carbon

Carbon-free energy is one of the key value propositions of the Federal Base System (FBS). Grant PUD would appreciate a commitment from BPA to deliver a Tier 1 product fully compliant with the Washington Clean Energy Transformation Act (CETA). The carbon penalties to Grant PUD and other Washington utilities could be significant if the Tier 1 product is not carbon-free.

CHWM and Significant Changes

In the Provider of Choice Concept Paper (Section 4.2.3.2), BPA described three instances categorized as "significant changes" that could reflect a customer's Contract High Water Mark (CHWM): load growth, loss of resource, or a returning public power utility. Further, BPA is considering three options regarding these instances. Option one, which is to "include all increases in net requirements from Regional Dialogue CHWM to FY 2026 load in the calculation of the Provider of Choice CHWMs," is a good starting point for discussion.

A utility's Provider of Choice CHWM should be established based on a utility's Net Requirements. The other options seem inequitable. For instance, it would be inequitable to consider reducing the CHWM rights of a utility using the categories referenced above while simultaneously increasing the potential CHWM with embedded headroom of a utility that has reduced load through conservation. Grant PUD encourages BPA to be consistent in the CHWM that calculates net requirements without adjustment for significant changes.

Augmentation

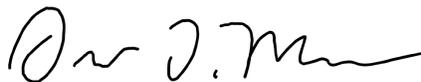
To increase agreement among public power customers and BPA, Grant PUD supports system augmentation to the FBS and encourages BPA to consider evaluating carbon-free projects that can be economically and operationally added to the BPA system. This evaluation should include base resource costs, the opportunity costs of integration, and available transmission capacity to determine if there are different "tranches" of economically and operationally viable opportunities that are obtainable.

Billing Credits

Grant PUD supports further evaluation of the use of billing credits as a mechanism to encourage resource development that would reduce the impact on overall Tier 1 requirements.

Grant PUD would like to thank BPA's staff for working collaboratively with Grant PUD and public power utilities in the development of the Provider of Choice Concept Paper. We appreciate that BPA considered many of the suggestions in the PPC Concept Paper. We look forward to continuing to work constructively with BPA in the development of a draft policy.

Respectfully,



Andrew D. Munro
Associate Chief Resource Officer