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Submitted via email to Post2028@bpa.gov

Northwest Requirements Utilities (NRU) submits these comments in response to Bonneville Power Administration's (BPA) Provider of Choice Workshop on August 16. As you know, NRU represents the interests of 56 Load-Following customers located in 7 states across the region that hold Network Transmission contracts with BPA and hold power contracts for almost 30% of BPA's Tier 1 load. NRU's top priority is to work with BPA and other customers to ensure that we maximize the value of the Federal system to the benefit of preference customers in post-2028 policies and contracts.

At the August 16 workshop, BPA provided an overview of its proposed approach to calculating utility Contract High Water Marks (CHWM). As you know, NRU is working with others in public power to provide a generally acceptable approach to Tier 1 system size, augmentation and allocation issues, including CHWM calculations. We plan to present this work to BPA in the coming weeks. In addition, NRU offers the following comments at this time:

One of NRU's goals is to ensure the CHWM methodology utilized in the post-2028 contracts equitably benefits NRU members and other preference customers, including those with flat, growing, or declining load. For this reason, while NRU generally supports retaining a tiered rates methodology and addressing regional load growth outside the Tier 1 product, we are open to recognizing some changes in load through a reset of a utility's retail load and resources utilized for utilities' CHWM calculations, including a recognition of reasonable levels of conservation achievements and addressing other load loss that occurred after 2010. NRU believes that what constitutes "reasonable levels" for these factors can be determined after comprehensive evaluation of each factor to determine preference customer impacts, and consideration of the overall impact to the federal system and the Tier 1 rate for the duration of the next contract. NRU appreciates that BPA intends to offer its analysis of conservation achievements, among other things, to provide customers with the opportunity to consider an appropriate level of adjustment, if any, going forward.

With respect to unspecified market purchases, at the workshop BPA proposed to include deductions to utilities' net requirements that will impact their CHWMs in the post-2028 contracts for short-term unspecified market purchases utilized as of September 30, 2026. NRU opposes this proposal for a couple reasons. Many of the unspecified market purchases made by utilities are intended to meet that utility's load needs on a short-term basis. Utilities making these purchases do not intend to establish a long-term contractual relationship. To include those short-term purchases in a utility's CHWM calculation would frustrate the customers' intent to maintain a flexible power. Further, the approach would ignore BPA's 5(b)9(c) policy on statutory discontinuance of contractual resources. Last BPA's proposal could have the unintended consequence of many preference customers that currently plan to serve a-RHWML with non-federal resources in 2026 instead seeking to serve as much of that load as possible with BPA's Tier 2 product. This result could be problematic for both BPA and customers.

Second, with respect to specified contractual resources, NRU recommends that BPA consider the timeline for contract expiration or termination when contemplating CHWM calculation. We believe this could be accomplished on a case-by-case basis, providing additional flexibility for customers with certain contracts for which it is known today that substantial and material changes in the terms of a successor contract will deny the "basic benefit of the bargain" to the customer shortly following BPA's proposed September 30, 2026 date. We anticipate there are likely several ways to address these situations and look forward to the opportunity to discuss the details with BPA in future workshops.

Third, under the Regional Dialogue contracts, BPA maintained the goal of encouraging the development of non-federal resources. Some utilities responded to this goal by investing in specified non-federal generating resources. NRU understands that under the Regional Dialogue contracts there was flexibility afforded for renewable resource investments during the subscription contracts, enabling the output of these resources to be excluded from the calculation of CHWMs. NRU recommends considering the value of excluding new resource investments made during the Regional Dialogue contracts, rewarding preference customers for aligning with Regional Dialogue policy encouraging the development of non-federal resources. We look forward to the opportunity to discuss the merits and impacts of this approach.

Related to the suggestions outlined above, NRU looks forward to working with BPA to achieve greater clarity with respect to its post-2028 resource dedication, net requirements, and related policies in general. We look forward to the opportunity to work with BPA to pursue any and all necessary changes to the existing 5(b)9(c) policy ROD, and to evaluate the related benefits and impacts to the ongoing Provider of Choice initiative.

Last, NRU appreciates the conversation at the Workshop regarding establishing an exchange for unused Tier 1 power. NRU is interested in furthering the conversation regarding ways that the goal of an exchange may be achieved to provide access for utilities with a need to unused Tier 1 power.

We appreciate the public process and open dialogue provided by BPA. Thank you for considering these comments and questions.

Sincerely,

/s/ Tashiana Wangler

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