



**AWEC**

Alliance of Western Energy Consumers ♦ 818 SW 3rd Avenue, #266 ♦ Portland, OR 97204 ♦ 971-544-7169 ♦  
nwenergyusers.org

October 26, 2022

***Via Electronic Submission***

John Hairston  
Administrator and Chief Executive Officer  
Bonneville Power Administration  
911 NE 11<sup>th</sup> Avenue  
Portland, OR 97232

**Re: October 12, 2022 Provider of Choice Workshop**

Dear Administrator Hairston:

The Alliance of Western Energy Consumers (“AWEC”) appreciates the opportunity to provide feedback on Bonneville Power Administration’s (“BPA” or “Agency”) October 12, 2022 Workshop. During the workshop, BPA discussed its Investor-owned Utility (“IOU”) Service Proposal and rate construct issues (Tiered Rates vs. Buy and Meld). BPA also sought feedback regarding stakeholder commitment to tiered rates given the prior stakeholder comments received that would seemingly serve to undercut a tiered rates construct.

AWEC understands BPA’s philosophical position that starting with tiered rates and adding certain features (in particular, augmenting Tier 1 above current firm output or building in universal room to grow into Tier 1) serves to effectively devalue Tier 1 rates relative to the Tiered Rate Methodology (“TRM”) implemented in the Regional Dialogue contracts. AWEC understands further BPA’s perspective that stakeholders requesting such features call into question whether stakeholders are truly interested in tiered rates.

AWEC remains committed to tiered rates and the underlying principle that tiering rates best preserves the value of the current, low-cost Federal Columbia River Power System for preference customers. If we consider the current TRM on one end of a spectrum, and “buy and meld” on the other end of that spectrum, AWEC is firmly closer to TRM. AWEC will continue to study other concepts that could modify the way the high-value TRM products are used as the process moves forward.

However, AWEC also recognizes that circumstances have evolved since Regional Dialogue contract and TRM negotiations, and that some adjustments may be necessary in light of the evolving energy landscape in the Pacific Northwest and evolving rules, including state requirements for decarbonization. At this juncture, AWEC does not have firm positions on these other concepts, but given that its members ultimately bear the costs of these policy decisions, AWEC is generally wary of features that would lead to excessive increased costs for the Tier 1 system, particularly without other contract flexibilities in place.



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AWEC looks forward to continuing to work with BPA and stakeholders through the Provider of Choice process.

/s/ Bill Gaines

Executive Director

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