

November 17, 2022

Submitted via email at post2028@bpa.gov

Northwest Requirements Utilities (NRU) submits these comments in response to Bonneville Power Administration's (BPA) Provider of Choice Workshop held November 9 addressing nonfederal resource issues.

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. Of primary importance to NRU members is BPA's ability to offer an affordable and reliable power supply and transmission that maximizes the value of the Federal system for the benefit of preference customers.

NRU members have identified their interest in policies within the post-2028 contracts that will streamline the integration and use of non-federal resources. BPA's proposal to provide new options for customers to offset their take-or-pay requirements with up to 5 megawatts or 50% of their Contract High Water Mark, whichever is less, with nonfederal generating resources aligns with this interest. Policies such as BPA's proposal should help support nonfederal generating resources into the future. In addition to BPA's proposal, NRU members have discussed other policies that would be helpful to encourage nonfederal resources, including those outlined below.

Response to policy question #1: How should "New Specified Resources" be handled in the Contract High Water Mark (CHWM) calculation?

BPA should include a credit to a utility's CHWM for investments in specified generating resources made during the Regional Dialogue contracts, up to a predetermined aggregate amount. The credit would encourage further investment in resources between now and the benchmarking year used as the basis for CHWM calculations (right now: September 30, 2026), align with regional policy trends and Regional Dialogue policy encouraging nonfederal resource investment.

Response to policy question #2: What year should be used to establish nonfederal resource amounts for CHWM calculations – FY 2026 or an earlier or later year?

So long as BPA provides a credit to utility CHWMs for investments in new nonfederal generating resources made during the Regional Dialogue contracts, NRU does not have a preferred benchmarking date for BPA to utilize.

Response to policy question #3: For the CHWM calculation, what resource amounts should be used when future amounts for a specific resource are known to be different than those in the established benchmark year (e.g., FY 2026 or an earlier year)?

BPA should establish a benchmark year and a process for customers to indicate a change in the resources identified in the benchmark year due to loss of resource or other reason to ensure a representative CHWM calculation applying to the new contracts. For example, if a customer knows that a contract for a resource will be expiring within a defined timeframe after the benchmark year (for example: the resource loss occurs between October 1, 2026 and September 30, 2030), BPA should establish a process and policy allowing that customer to remove that resource from both its net requirements and CHWM, and the customer should be afforded the opportunity to replace the output of that resource with Tier 1 energy.

Additional Considerations – BPA asked whether it should update its accounting for changes in nonfederal resources that are applied to customer loads.

NRU believes there would be value in reviewing quantities of specific resources applied to customer loads to ensure the quantity is representative of the generation from the resource and the amount used to serve a utility's load.

Other considerations from NRU.

Given the changes in the market across the region and technology in the industry, it may be valuable to consider how those changes impact BPA's requirements associated with nonfederal resources. For example, one issue that was mentioned during the workshop that may benefit from additional review related to consumer-owned resources serving a New Large Single Load, and whether the onsite requirement is necessary given updates in metering technology.

NRU would also be interested in further consideration of the role billing credits for nonfederal resource development may play in the contracts, considering an update to the 200-kilowatt resource size threshold and use of nameplate capacity for listing a resource in a utility's contract, and looking at other efficiencies in the rate-making process that may further enable the integration of nonfederal resources.

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

Sincerely,

/s/ Tashiana Wangler

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