

COMMENTS OF THE WESTERN PUBLIC AGENCIES GROUP REGARDING SELECT PROVIDER OF CHOICE TOPICS

Date Submitted: February 17, 2023

A. Introduction

The utilities that comprise the Western Public Agencies Group (“WPAG”)¹ appreciate this opportunity to submit comments regarding the organized day ahead market and transfer topics addressed at the Bonneville Power Administration’s (“BPA”) February 7th Provider of Choice workshop.

WPAG appreciates BPA taking the first step at the February 7th workshop to begin considering the impacts that BPA’s potential participation in organized markets (in addition to WEIM) could have on the Provider of Choice contracts. Current and future Western initiatives present potential opportunities for BPA and its customers as well as challenges. WPAG as a group has not taken any position to date on whether or not BPA should join any organized markets in addition to the WEIM. Instead, if and when such a decision comes before the Administrator, we expect that a decision to join (if any) would not only be supported by a strong business case, but also ensure participation is in line with BPA’s statutory and contractual obligations to its preference customers. That being said, the challenge confronting BPA and its customers today is attempting to evaluate how future Western initiatives that BPA may join (or not) will or should impact Provider of Choice contracts and products.

As described in these comments, WPAG recommends that BPA continue and expand the discussion on organized markets within the Provider of Choice Process to further explore how such markets may interact and be compatible with the Provider of Choice contract and products. WPAG further recommends that BPA continue to bring its Western initiatives and Provider of Choice Process teams together in workshops with customers to help ensure a more holistic review for both workstreams and offers suggestions on process and key questions to accomplish this review.

With respect to transfer service, as discussed further in these comments, WPAG appreciates the challenges of achieving comparability shared by BPA at the February 7th workshop and likewise supports BPA’s goal that similarly situated customers be treated consistently, while recognizing the impossibility of BPA guaranteeing identical treatment from distinct transmission providers. WPAG does not support BPA’s proposal to completely stop rolling in the cost of transfer service for non-federal deliveries as we believe this would undermine the principle to help facilitate non-federal resource development. However, we also believe it is appropriate to consider

¹ WPAG includes the following utilities: Benton Rural Electric Association, Eugene Water and Electric Board, Umatilla Electric Cooperative, the Cities of Port Angeles, Ellensburg and Milton, Washington, the Towns of Eatonville and Steilacoom, Washington, Elmhurst Mutual Power and Light Company, Lakeview Light & Power, Ohop Mutual Light Company, Parkland Light and Water Company, Public Utility Districts No. 1 of Clallam, Clark, Cowlitz, Grays Harbor, Jefferson, Kittitas, Lewis, Mason and Skamania Counties, Washington, Public Utility District No. 3 of Mason County, Washington and Public Utility District No. 2 of Pacific County, Washington.

maximum caps per fiscal year for non-federal transfer service, as is included in Regional Dialogue contracts today, as well as limits to the number of legs of transmission that could be eligible for BPA funded transfer service for non-Federal resources.

B. Western Initiatives Interaction with Provider of Choice Contracts

WPAG appreciates BPA's recognition that today's power products were developed in the context of bilateral markets and this context will change as entities join organized markets, which requires additional consideration to ensure power products post-2028 are developed such that they are sufficiently flexible to accommodate a future decision by BPA to join a day-ahead market (if any). However, WPAG believes the scope of this review should be expanded in two key respects.

First, in addition to exploring interactions and compatibility of Provider of Choice contracts and day-ahead organized markets, BPA should also consider interactions/compatibility with broader current and future Western initiatives, specifically, WRAP and a future RTO. With respect to WRAP, many interactions have already been identified, but other key questions such as compatibility of WRAP with Provider of Choice products have not been fully explored. With respect to a future RTO, while there is not currently an option under development today, recent legislation, AB-538, was introduced in California that would allow for a West wide RTO possibility in the future. WPAG believes it is in the best interest of BPA and its customers to consider a broad range of possible Western initiatives BPA may participate in during the life of the Provider of Choice contracts.

Second, WPAG urges BPA to not limit its review of interactions/compatibility of organized markets and Provider of Choice to power products only. WPAG believes there are other interactions/considerations with respect to Provider of Choice contracts that are relevant in the context of BPA joining Western initiatives such as contract terms around flexibility, offramps, transfer service, and many more.

WPAG recommends that BPA host a workshop or series of workshops to explore interactions/compatibility broadly with Provider of Choice contracts and Western initiatives. The review should start by providing a high-level overview of each Western initiative (SPP Markets+, EDAM, WRAP, and future RTO) and addressing the key ways the initiative does or potentially would impact BPA's current way of doing business and the key ways it does or potentially would impact BPA's customers and then exploring how the initiative interfaces/impacts the Provider of Choice contracts.²The review should not only address compatibility, but should more broadly consider the risks of the initiative and the flexibility that may be warranted in Provider of Choice contracts as a result. A helpful approach to better understand risks could involve a series of "tabletop" exercises to explore potential "day in the life" scenarios under a day-ahead market, WRAP, and RTO participation. This could be an opportunity to increase understanding and put boundaries around potential risks/opportunities and the need for flexibility in the Provider of Choice contracts.

² The February 7th workshop provided helpful foundation for this review by providing an overview of what organized day-ahead markets are and what they are intended to do and providing a high-level timeline of the existing day-ahead market developments.

The following non-exhaustive list of key questions is offered as a starting place for exploring BPA's participation in future Western initiatives and interactions/compatibility with Provider of Choice contracts in future workshops.

- In what key ways does the initiative impact BPA's current way of doing business?
 - Would any changes implicate the preference rights of BPA's customers?
- In what key ways does or would the initiative impact BPA's customers?
 - Are different customers impacted differently? If so, are there potential cost-shifts?
 - What are the possible benefits/additional revenues to customers and/or downsides/risk/potential additional costs?
- Where and in what ways does the initiative have a bearing on the Provider of Choice contracts?
 - How does the initiative impact risks taken on by BPA or its customers in the Provider of Choice contracts, who holds this risk, and in what ways should the contract accommodate/acknowledge this risk?

C. Transfer Service

WPAG supports BPA's proposal to continue to provide transfer service for federal power deliveries and to continue to apply the concept of comparability as related to cost issues. With respect to other comparability components, including direct assignment guidelines and quality of service, WPAG appreciates the challenges of achieving comparability shared by BPA at the February 7th workshop and likewise supports BPA's goal that similarly situated customers be treated consistently, while recognizing the impossibility of BPA guaranteeing identical treatment from distinct transmission providers. WPAG does not support BPA's proposal to completely stop rolling in the cost of transfer service for non-federal deliveries as we believe this would undermine the principle to help facilitate non-federal resource development. Instead, in light of the unique circumstance that it has been BPA's policy for over eighty years to use transfer service to meet the load growth of its preference customers who are not directly connected to BPA's transmission system, it stands to reason that BPA should continue to provide transfer service to meet such load growth notwithstanding that the more recent goal/policy is for customers to meet their own load growth with non-federal power deliveries instead. Indeed, providing transfer service for non-federal deliveries is likely a prerequisite for realizing that newer goal/policy for many of BPA's preference customers when the federal alternative, i.e., Tier 2 service from BPA, includes transfer service. However, the provision of such non-federal transfer service should be subject to maximum caps per fiscal year, as is included under Regional Dialogue today, as well as limits in the number of legs of transmission that could be eligible for BPA funded transfer service for non-federal resources.

Thank you for the opportunity to comment.