

## Tacoma Power Comments:

### Peak Net Requirements

We are concerned that implementation of a Peak Net Requirement (PNR) constraint will adversely impact our ability to provide reliable service with the slice product.

### BPA's Proposed Metric

We believe that BPA's proposed metric is flawed. It matches a normal peak load with a capacity accreditation for our generation that is near our maximum capability – levels we can achieve for a few hours during grid emergencies. This results in a PNR that is **less** than our energy net requirement (ENR) in every month of the year. This suggests that BPA could limit the amount of tier-1 power we receive to the point that would violate our ENR. We were relieved when BPA affirmed that meeting our ENR would supersede any PNR constraint.

Another problem with the PNR proposal is that it creates structural capacity deficits for every planned product customer. Under the proposal, it is unlikely any of the planned product customers would be able to meet their regional reliability obligations or pass any standard resource adequacy metric.

### Implementation

We were relieved when BPA stated that the PNR constraint would not be applicable to the flat monthly block and the diurnally-shaped monthly block.

It is not clear how PNR will be implemented for slice. Because our PNR is less than our ENR every month, we assume that BPA would have an option to limit our slice right to power (RTP) to down to our ENR over the course of the contract. This uncertainty would be operationally untenable. We cannot run a balancing authority and meet regional commitments with non-firm power supply. An option to limit slice RTP means that we cannot subscribe to that product. We are concerned that other utilities will likely reach the same conclusion – which will likely render the slice product non-viable. We would like to learn more about how BPA envisions implementing PNR.

### Slice Customer Proposal

During the PNR taskforce process, the slice customers presented a PNR concept proposal. We would like BPA to provide an opportunity for the slice customers to share the concept at a future post-2028 workshop.

### Products

BPA described the POC product options and we were a bit underwhelmed, especially after the Slice Group had proposed revisions to help planned product customers meet WRAP requirements with Block options (see August 4, 2021 presentation). As stated at the February 22<sup>nd</sup> workshop Tacoma believes the current Block with shaping capacity is too expensive (especially as compared to the LF option) due to its take-or-pay billing determinates associated with HLH shaping capacity. Shaping Capacity under the Subscription contract was day-ahead (or shorter?) and BPA should consider shortening the timing for scheduling and consider providing shaping capacity on a take-and-pay basis (similar to LF). Tacoma Power supports Snohomish PUD's comments regarding enhancements to allow for shaping capacity

across all hours in a day, which will improve compatibility with WRAP and centralized day-ahead markets.

Finally, Block shaping factors should be updated more than once during the contract term based upon rate period forecast HLH/LLH load forecast splits based upon rate period forecasts of retail load shapes. This simple fix will allow the customer to serve planned load more precisely in accordance with 5(b) intent.

### Tier-2 Options

BPA's efforts to explore various Tier 2 rate options for its Preference customers is in response to calls by certain customers for alternatives that provide greater long-term rate stability to serve above-HWM load. Some of these Tier 2 products would involve development of actual physical resources. Tacoma is concerned with how costs associated with development of these resources might (or might not) rollover into subsequent BPA preference contracts. Can we assume these costs and associated resources would not be subsumed into the Tier 1 system at contracts end? Tacoma would like to learn more from BPA how it might handle this potential contract "seams" issue.