

April 28, 2023

Eugene Water and Electric Board

RE: April 20, 2023 BPA Provider of Choice Workshop

EWEB thanks BPA for the opportunity to comment on the April 20 workshop, and for the robust discussions enabled through the traveling roadshows. Our comments below touch on select topics, and we intend to submit more detailed comments in the coming weeks. As a reminder, EWEB is an active member of WPAG, PPC, and the Slice Customer Group and will continue to work with them on customer comments as well.

System Size and Allocation

During BPA's roadshows and April 20 meeting, it became apparent that many customers continue to support the tiered rate methodology (TRM), but others believe that BPA should enact a melded rate structure. While we are empathetic to the challenges that tiered rates have posed for a subset of BPA customers as market prices have become more volatile over the past several years, we believe the TRM sends important price signals for an increasingly valuable resource. BPA's PoC policy should be grounded in economics principles and allow BPA to be financially neutral to customer product choice. EWEB, as with many other BPA customers, expects to have substantial growth from electrification as well as continued pressure to meet climate and policy goals during the term of any post 2028 contract.

Supporting this point, over the past several months, EWEB has had several large-scale commercial and industrial customers request information around the cost and carbon impacts of electrifying existing processes. Melded rates would remove the marginal cost impact for EWEB and disincentivize development of non-federal resources to meet these loads. The dilution of cost and resource acquisition impacts from melded rates does not align with the challenges we expect to face in siting new resources and meeting policy goals.

For system allocation and size, EWEB believes that BPA's current proposal represents a reasonable balance of customer interests and sends clear policy signals for both resource acquisition and load growth. EWEB believes that moving materially away from BPA's current proposal (e.g. a substantially larger system size) will send policy signals that may not align with the Tiered Rates Methodology. If BPA pursues augmentation beyond distinct policy goals (e.g. 7250 system size), that augmentation should be allocated proportionally between customers based on system TOCA share.

Peak Net Requirements (PNR)

EWEB appreciates that BPA provided clear position statements and rationale for its proposed PNR policy at the April 20 meeting. This allows BPA and its customers to clearly understand where we agree and disagree and why. At the same time, however, BPA has left any discussion of product development, implementation, and rate design until 2024. Because this approach leaves a number of questions unanswered, EWEB encourages BPA to incorporate flexibility in its draft policy position to allow for a change of course if needed. We share Seattle City Light's concerns about the appropriateness and durability of the proposed PNR definition as explained in our April 14 comments.

EWEB encourages BPA to center 2028 contract discussions on developing products compatible with future organized markets.

As mentioned in EWEB's prior written and verbal comments, EWEB views the compatibility and optimization of future products with organized markets as a key factor in Provider of Choice contract success. We look forward to engaging with BPA on this topic and believe it should be an area of strategic priority.

