



May 4, 2023

Bonneville Power Administration
Kim Thompson, VP of Northwest Requirements Marketing
905 NE 11th Ave.
Portland, OR 97232

Submitted via email: post2028@bpa.gov

RE: Provider of Choice Comments

Idaho Falls Power appreciates the work and need for thoughtful balance by the BPA team working on policy direction related to the Provider of Choice contracts. We would like to submit a few thoughts for consideration and comments after the latest round of regional workshops and proposals.

Non-Federal Resources developed during Regional Dialogue Contracts:

This is the second set of comments that Idaho Falls Power has submitted pertaining to resources added during the contract period. There was no movement from the previous BPA proposal to the latest proposal so I will attempt to add more clarity surrounding the impacts of this direction as it pertains to Idaho Falls Power. I appreciate PPC's comments as they are the culmination of the general position where public power is at on this issue also. Every utility that I talk with to understand why BPA would punish utilities that did what the contract was designed to do, agrees this doesn't make sense. I reiterate the broad position of public power on this issue which is any actions taken by BPA on Provider of Choice should encourage and recognize new resource additions.

Idaho Falls from the initial construction of the Bulb Turbines has always sold them to BPA. These resources were not needed at the time of construction due to the ability for Idaho Falls to purchase from BPA it's total need. During this period of time the federal system was surplus and able to serve all preference customer needs. The latest contract with BPA for the output of the Bulbs was done under a ten-year agreement where in year five the price was to be renegotiated. By default, if a price could not be found acceptable to both parties the contract would simply terminate/sunset. This five-year re-price was in 2016 and power markets were low so BPA didn't like the previous five year price. BPA clearly stated they didn't need the resource with the conditions of other market options. Idaho Falls was offered \$22 dollars per MWh which is what the market was during this period of time.

Idaho Falls during this period, same as today, was experiencing load growth. We knew that in a few years we would grow above our high water mark so it made sense to just bring them

back to load to free up additional head room to grow into. Similar to the motivations stated by utilities that did aggressive self-funded energy efficiency.

Nowhere in this decision did anyone contemplate that we would lose our access to federal power for this resource amount in the next contract. The facts of the math on this are, by developing this resource it did nothing to help us meet our growing loads. We developed a 11.5 average MW resource and in return BPA took away 11.5 MW from us for the next contract. We are now right back where we started with being short available resources to meet our growing system needs. We have above high-water mark load now and it will just continue to grow. This reduction has a major impact on us by reducing our resources available to serve load by nearly 15%.

Idaho Falls Power has also developed a wind farm of which we have three average megawatts. We have invested millions into the study and potential development of other countless resources since the start of the Regional Dialogue Contracts. The list includes: IPP #3, two different co-gen sites on natural gas compressor stations, Horse Butte Wind phase #2 (still on going with an RFP out right now), advanced geothermal (another one that an RFP is on the street for) and finally CFPP the NuScale small modular reactor project in Idaho. With CFPP alone we have over \$3 million dollars invested in this resource development.

Idaho Falls Power also rebuilt the Old Lower Plant hydro facility. This plant was originally constructed in the late 1930's and could have left it be when it had a catastrophic generator failure. Instead, we invested over \$8 million dollars to rebuild this plant. It is troubling to hear BPA state in frustration that customers didn't develop their own resources to cover load growth beyond Tier 1, when it is clear Idaho Falls and likely a few others did. I am glad that we didn't develop more resources because we could be facing an even more dire situation in having access to even less federal power and thus even more upward pressure on our rates post 2028.

The proposal on how resources developed under the RD contacts is treated in the next contact clearly creates a worse off situation. We are likely an outlier with our issue that is certainly nuanced and somewhat unique, but the negative impacts are clear and substantial. BPA should not be punishing utilities who did the right thing in developing their own resources to serve their growing loads. Giving credit to self-funded energy efficiency and not giving credit for resource development doesn't make sense. I strongly encourage BPA to think through the mixed messages and the view this decision can create. It gives a view that BPA in reality, doesn't want non-federal resource development by utilities, but then also is not wanting to increase the system size and meld rates, which I understand also. One could make the point that BPA just wants customers to buy tier two products through BPA only.

I appreciate PPC and public power's position expressed in their comments on May 4th of ***“exploring options to ensure that customers are no worse off in their Tier 1 allocation as a result of investing in new specified resources under the current contract.”*** This is a position supported by public power and I encourage BPA to listen and consider this important issue.

I appreciate the consideration and request BPA give 100% credit for new resources added

during the Regional Dialogue Contract.

Regards,

A handwritten signature in blue ink that reads "Bear Prairie". The signature is written in a cursive, flowing style.

Bear Prairie
General Manager

cc. Chase Morgan, Manager Power Supply – IFP
File/BP579