Resource Adequacy Decision Process Meeting

September 13, 2022
9 a.m. to 12 p.m.
Welcome to the Resource Adequacy Engagement Workshop:
The meeting will begin momentarily

Meeting Participation and How to Ask Questions:

- After you join the WebEx Event, you will not be able to unmute yourself until the host recognizes and unmutes you.

- **To be recognized for asking a question:**
  1. *Use the “Raise your Hand” option to signal you have a question*
  2. *Or use the Chat option to send a question request to “Everyone”*

- When finished the Host will re-mute you. Please remember to re-mute and **lower your hand** when done speaking.

- **Participants on the phone:**
  1. ‘*3’ to raise hand and lower hand
## Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
<th>Presenter</th>
</tr>
</thead>
<tbody>
<tr>
<td>9:00 – 9:15 a.m.</td>
<td>Safety Moment and Introduction</td>
<td>Suzanne Cooper</td>
</tr>
<tr>
<td>9:15 – 9:30 a.m.</td>
<td>WRAP Update</td>
<td>Russ Mantifel</td>
</tr>
<tr>
<td>9:30 – 10:15 a.m.</td>
<td>Phase 3A Stakeholder Engagement Summary</td>
<td>Mai Truong</td>
</tr>
<tr>
<td>10:15 – 10:30 a.m.</td>
<td>BREAK</td>
<td></td>
</tr>
<tr>
<td>10:30 – 11:15 a.m.</td>
<td>Formal Decision Process Kick-Off</td>
<td>Russ Mantifel, Mai Truong</td>
</tr>
<tr>
<td>11:15 – 11:30 p.m.</td>
<td>Consideration of Customer Feedback</td>
<td>Mai Truong</td>
</tr>
<tr>
<td>11:30 – 12:00 p.m.</td>
<td>Questions and Next Steps</td>
<td>Russ Mantifel</td>
</tr>
</tbody>
</table>
Safety Moment and Introduction

Suzanne Cooper
Fall Maintenance

• **Fire Safety:**
  – When we “fall back” is the time when everyone should replace the batteries in smoke alarms and carbon monoxide detectors.
  – Have a working fire extinguisher in the house, and everyone who lives there should be familiar with how it works.
  – Hold a Fire Safety Meeting with family members and go over the steps. Do not do any outdoor burning when fire dangers are high. Flying embers can travel and start fires. Never leave candles unattended, especially in Jack-O-Lanterns or on table centerpieces.

• **Fireplaces:**
  – Get your chimney inspected every fall. Hire a chimney sweep to clean out your chimney of debris, nests, etc. before your light your first fire.
  – Use the fireplace screens to protect from flying sparks and embers.
  – Never pour lighter fluid, kerosene or gasoline on a fireplace, and never leave a fireplace unattended.

From Farmers’ Almanac website: [https://www.farmersalmanac.com/](https://www.farmersalmanac.com/)
Introduction

- BPA is initiating a public process to develop an agency decision on whether to participate in the binding phase (3B) of the Western Resource Adequacy Program
  - Should BPA join Phase 3B?
  - If yes, which binding season should BPA select?
Why is BPA Engaging in WRAP?

• We don’t operate as an island
• A regional Resource Adequacy program:
  – Provides a clear, **uniform standard** with **accountability** and **commitment** from each participant to meet it
  – Puts **bounds around** how much capacity BPA is responsible for providing
  – Creates **transparency** of individual resource plans
  – Creates potential for **cost and resource savings** through **diversity benefits**
  – Additional source to **purchase supply when deficit** or sell supply when surplus
WRAP Update

Russ Mantifel
Western RA Program Updates

- Filed WRAP Tariff and supporting materials with FERC on August 31
- In the midst of Winter 2022-23 and Summer 2023 forward showings
  - Winter 2022-23 showing deadline: September 15
  - Summer 2023 showing deadline: October 4
Western RA Program Updates

• Asking for commitment from participants by December 16, 2022
  – If WPP has FERC approval, this will begin signing of the WRAP Participation Agreement (WRAPA)
  – WRAP needs to have a commitment to ensure funding for WPP and SPP to set up critical program components

• WRAP engagement opportunities and more information
  – See WPP website for information on the public webinars, approved task force proposals, video overviews and the latest WRAP updates @ https://www.westernpowerpool.org/
  – Contact wrap@westernpowerpool.org to be added to WRAP mailing list
CURRENT PHASE ACTIVITIES

- **PO collected data from participants**
- **Design refinement and public webinars**
- **PO running LOLE/ELCC models – draft results to participants**
- **Showing for Winter 2022-2023 Non-Binding season**
- **Showing for Summer 2023 Non-Binding season**
- **Asking for sign ups in late 2022 for transition to Binding program**

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- **Oct 2021**
  - Design refinements led into tariff drafting
  - Participant review of tariff in Spring

- **Dec 2022**
  - Draft tariff out for public review and webinar
  -Filed with FERC August 31
  - 1/23 Requested effective date for WRAP implementation

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**PO** = Program Operator
**LOLE** = Loss of Load Expectation
**ELCC** = Expected Load Carrying Capacity
**Transition Timeline**

**Non-Binding Forward Showing**
- Winter 22-23, Summer 23, Winter 23-24, Summer 24, Winter 24-25

**Transition Seasons (Ops and FS)**

**Non-Binding Operations Program**
- Summer 23 (trial – will include testing scenarios), Winter 23-24, Summer 24, Winter 24-25

**Binding Program Without Transition Provisions**
- Summer 28 and all seasons following
Phase 3A Stakeholder Engagement Summary

Mai Truong
BPA Milestones – 3A Engagement

Pre-decisional. For Discussion Purposes Only.

Close Out Phase 2B/Phase 3A Implementation Planning (2020/2021)

- BPA staff/executive resources participate in WRAP workgroups
- Finalize Phase 2B deliverables
- Develop implementation plan for Phase 3A
- WPP hires Program Operator

BPA Customer Engagement

- July 29, 2021 – Share BPA perspective on program details and implementation issues
- Aug 20, 2021 – Publish draft letter to the region (Aug 20-Sep 3)
- Aug 25, 2021 – Public meeting to provide clarification on issues in draft letter

Decision on Non-Binding Forward Showing

- Sept 29, 2021 – Final letter to the region with decision on participation in NBFS phase of WRAP program

Non-Binding Forward Showing Winter (2022/23) and Summer (2023)

- Complete program and governance design
- Submit data for detailed modeling to establish Resource Adequacy value and PRM
- FS submittal to Program Operator
  - Mid-July for Winter 2022/23
  - Mid-Oct for Summer 2023
- Refine design/modeling requirements based on continued learnings
- Continue engagement with BPA customers/stakeholders

Decision on Binding Phase (Fall/Winter 2022) and BPA Customer Engagement

- Public Process - BPA customer review and input prior to decision
- Consider lessons from NBFS and program/governance design
- Evaluate ability to meet BPA’s WRAP Participation Principles

NBFS = Non-Binding Forward Showing
BPA Approach to Engagement

• Provide transparency of program design updates and information that may impact BPA’s business case for binding program participation decisions. Engagement will be consistent with external WRAP engagement outside of BPA’s process.

• Pursue effective and efficient two-way communication between BPA and customers, stakeholders, and external interested parties.

• Engage on a predictable, standardized cadence provided there is adequate content or relevant information to discuss.

• Ensure engagement opportunities occur sufficiently to inform interested parties based on program timelines and information availability and applicability.
BPA Engagement Plan To-Date

- Focused on discussing program updates and impacts to BPA and customers, outcomes from BPA’s participation in non-binding forward showing program, and resolving BPA and customer questions and key considerations
- BPA hosted workshops
  - BPA and Resource Adequacy Today; BPA Planning with WRAP; Planning Scenarios and Preference Rights; Transmission; NLSL and AHWM Unspecified Resources; and Decision Process Plan
  - WRAP Topics: Annual Assessment Data Submittal and BPA Metrics Review
- BPA has maintained a “WRAP public considerations” tracking spreadsheet (posted to BPA Resource Adequacy webpage)
  - Add questions and key considerations from comments submitted following workshops
- In September 2022, BPA is shifting from information sharing to its decision process on whether BPA will join the next phase of WRAP
Phase 3A Engagement Summary

- Annual Assessment Data Submittal (Nov 19, 2021)
- BPA & RA Today (Jan 27, 2022)
- BPA Planning with WRAP (Apr 13, 2022)
- Planning Scenarios and Preference Rights (Apr 13, 2022)
- Transmission Overview (June 13, 2022)
- BPA Metrics Review (June 13, 2022)
- NLSL and AHWM Unspecified Resources (June 13, 2022 and July 26, 2022)
- Decision Process Plan (July 26, 2022)
- Consideration of Customer Feedback (Standing Item)
- FS Data Submittal Update and Position Estimate (Coming soon - Sept 29, 2022)
BREAK
Formal Decision Process Kick-Off

Russ Mantifel
Mai Truong
BPA Milestones – 3B Decision

BPA Customer Engagement

- July 29, 2021 – Share BPA perspective on program details and implementation issues
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Decision on Binding Phase (Fall/Winter 2022) and BPA Customer Engagement

- Public Process - BPA customer review and input prior to decision
- Consider lessons from NBFS and program/governance design
- Evaluate ability to meet BPA’s WRAP Participation Principles

Pre-decisional. For Discussion Purposes Only.

NBFS = Non-Binding Forward Showing
From Phase 3A Engagement to Decision Process

3A Engagement Workshops (Nov 2021 – July 2022)

Decision Process (Sep – Dec 2022)

Final Close-out Letter (Dec 2022)

Phase 3B Binding Program (Jan 2023)

- Annual Assessment Data Submittal (Nov 19, 2021)
- BPA and RA Today (Jan 27, 2022)
- BPA Planning with WRAP (Apr 13, 2022)
- Planning Scenarios and Preference Rights (Apr 13, 2022)
- BPA Metrics Review (Jun 13, 2022)
- Transmission Overview (Jun 13, 2022)
- NLSL and AHWM Unspecified Resources (June 13, 2022 and July 26, 2022)
- Consideration of Customer Feedback (Standing Item)
- FS Data Submittal (Coming soon - Sept 29, 2022)

- Summary of Engagement Workshop topics
  - Consider NBFS and governance design
  - Close out Consideration of Customer Feedback
  - Business Case proposition
  - Evaluation of BPA WRAP Participation Principles
  - Post draft close-out letter in Oct w/ 30 day comment period

- Administrator Decision on whether to join WRAP 3B Binding Program
  - Post final close-out letter

- Begin participation in WRAP 3B Binding Program, if:
  - BPA decides to join
  - All relevant conditions are met

Pre-decisional. For Discussion Purposes Only.
BPA Approach to the Decision

• BPA intends to make a decision before the start of the next phase (3B) of the WRAP, which is scheduled to start on January 1, 2023
  – Adjustments to BPA’s timeline may occur to accommodate external WRAP developments outside of BPA’s decision process

• BPA expects to share its decision in a close-out letter
  – Evaluation of decision will be consistent with BPA’s Participation Principles.
  – BPA will continue to address customer questions and outstanding topics or issues impacting BPA’s continued participation in WRAP
BPA Approach to the Decision

- Including today, BPA will hold three public meetings in order to provide customers, stakeholders and interested parties an opportunity to provide feedback throughout the decision process, including a 30-day comment period after BPA posts a draft close-out letter.

- Although the formal decision process kick-off in September 2022, BPA has been conducting an extensive stakeholder process, since November 2021, providing program design updates and information that may impact BPA’s decision:
  - BPA has been engaged in the development of WRAP since 2019.
**Public Engagement Timeline**

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kick-off formal decision process - public meeting #1</td>
<td>Sept 13, 2022</td>
</tr>
<tr>
<td>Public meeting #2</td>
<td>Sept 29, 2022</td>
</tr>
<tr>
<td>Post draft closeout letter with initial decision on BPA RA webpage</td>
<td>Oct 2022</td>
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<tr>
<td>Public meeting #3</td>
<td>Oct 20, 2022</td>
</tr>
<tr>
<td>Post final closeout letter with final decision on BPA RA webpage</td>
<td>Dec 16, 2022</td>
</tr>
</tbody>
</table>

**Timeline is contingent upon external factors, such as FERC acceptance of WRAP Tariff**
Decisions

• Should BPA join the WRAP Phase 3B, binding program?
  – Yes
  – No

• If yes, which binding season should BPA select?
Participation Principles for Binding Program

1. BPA’s participation is consistent with its statutory, regulatory and contractual obligations.
2. BPA will maintain reliable delivery of power and transmission to its customers.
3. BPA’s participation is consistent with a sound business rationale.
4. BPA’s participation is consistent with the objectives of Bonneville’s Strategic Plan.
5. BPA’s evaluation of WRAP participation includes transparent consideration of the commercial and operational impacts on its products and services.
Statutory, Regulatory & Contractual Obligations

- Evaluation of decision will consider:
  - Programmatic implications
    - Consistent with statutory authorities and legal obligations
  - Governance implications
    - Participation in WRAP Governance (through WRAP Tariff and WRAPA)
    - BPA OATT – no implications
Maintain Reliable Delivery of Power & Transmission

• Evaluation of decision will consider:
  – WRAP participation does not change BPA’s BAA, TOP, or TSP responsibilities
  – No changes are expected:
    • To BPA’s OATT or Business Practices
    • To how customers acquire transmission service;
    • To how BPA operates and manage its transmission system; or
    • To scheduling and tagging requirements, or curtailment procedures.
  – WRAP provides another tool for BPA Power Services to continue meeting its obligations
Sound Business Rationale

• Evaluation of decision will consider:
  – Qualitative and quantitative analysis for reliability program
  – Benefits vs costs vs risks
Aligns with BPA’s Strategic Plan

• Evaluation of decision will consider:
  – BPA’s Strategic Plan sets forth its high-level vision as well as specific goals and objectives to ensure its competitiveness and ability to continue meeting customers’ and regional future needs while leveraging and enabling industry change
Consideration of Impacts on Products & Services

• Evaluation of decision will consider:
  – Existing BPA contracts
  – RA engagement workshops:
    • NLSL and AHWM loads using Unspecified Resources
    • Planning and scenario presentations
    • WRAP participant use of BPA Transmission
  – Use of BPA surplus power
If BPA’s initial decision is to join Phase 3B, the binding season decision will be based on a combination of:

- Access provided through the program
- Season of entry with known potential benefits
### Binding Season Election

<table>
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<tr>
<th>Season*</th>
<th>Forward Showing Submittal Deadline</th>
<th>Start of season</th>
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<tbody>
<tr>
<td>Summer 2025</td>
<td>October 31, 2024</td>
<td>June 1, 2025</td>
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<tr>
<td>Winter 2025-2026</td>
<td>March 31, 2025</td>
<td>November 1, 2025</td>
</tr>
<tr>
<td>Summer 2026</td>
<td>October 31, 2025</td>
<td>June 1, 2026</td>
</tr>
<tr>
<td>Winter 2026-2027</td>
<td>March 31, 2026</td>
<td>November 1, 2026</td>
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<td>Summer 2027</td>
<td>October 31, 2026</td>
<td>June 1, 2027</td>
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<tr>
<td>Winter 2027-2028</td>
<td>March 31, 2027</td>
<td>November 1, 2027</td>
</tr>
<tr>
<td>Summer 2028</td>
<td>October 31, 2027</td>
<td>June 1, 2028</td>
</tr>
</tbody>
</table>

* Participants may provide 2 years notice (before the start of the season) to change their election.
Consideration of Customer Feedback

Mai Truong
Considerations Tracking Update

- BPA will continue providing responses to address customer questions and key considerations at the September 29, 2022 public meeting
Considerations Tracking Update

• Added 12 items (#98-109) to “WRAP Public Considerations” tracking spreadsheet (posted on the BPA Resource Adequacy webpage) in response to comments received following the July 26, 2022 workshop (see Appendix)

• Status:
  – 109 questions and considerations to-date (September 2022)
  – 70 questions and considerations resolved to-date (September 2022)
  – There may still be outstanding items at the time BPA’s final decision is made
QUESTIONS?
Next Steps

• Please submit your feedback @ techforum@bpa.gov by September 27, 2022

• Public Meeting #2 on September 29, 2022

• Post draft closeout letter on BPA RA webpage by Mid-October 2022

• Public Meeting #3 on October 20, 2022

• More information on BPA’s participation in the Western Resource Adequacy Program can be found on the BPA RA webpage:
APPENDIX
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<th>Description</th>
</tr>
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<tbody>
<tr>
<td>AHWM</td>
<td>Above High Water Mark</td>
<td>NT</td>
<td>Network Integration Transmission Service</td>
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<tr>
<td>ATC</td>
<td>Available Transfer Capability</td>
<td>OATT</td>
<td>Open Access Transmission Tariff</td>
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<tr>
<td>BA</td>
<td>Balancing Authority</td>
<td>OPS</td>
<td>Operations</td>
</tr>
<tr>
<td>BAA</td>
<td>Balancing Authority Area</td>
<td>PCM</td>
<td>Preemption and Competition Module</td>
</tr>
<tr>
<td>BPM</td>
<td>Business Practice Manual</td>
<td>PO</td>
<td>Program Operator</td>
</tr>
<tr>
<td>CONE</td>
<td>Cost of New Entry</td>
<td>PRM</td>
<td>Planning Reserve Margin</td>
</tr>
<tr>
<td>ELCC</td>
<td>Effective Load Carrying Capability</td>
<td>PTP</td>
<td>Point-to-Point Transmission Service</td>
</tr>
<tr>
<td>EIM</td>
<td>Energy Imbalance Market</td>
<td>QCC</td>
<td>Qualifying Capacity Contribution</td>
</tr>
<tr>
<td>FERC</td>
<td>Federal Electric Regulatory Commission</td>
<td>RA</td>
<td>Resource Adequacy</td>
</tr>
<tr>
<td>FS</td>
<td>Forward Showing</td>
<td>RD</td>
<td>Regional Dialogue</td>
</tr>
<tr>
<td>HLH</td>
<td>Heavy Load Hour</td>
<td>RFO</td>
<td>Request for Offer</td>
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<tr>
<td>LLH</td>
<td>Light Load Hour</td>
<td>ROR</td>
<td>Run of River</td>
</tr>
<tr>
<td>L&amp;R</td>
<td>Load and Resource</td>
<td>TRL</td>
<td>Total Retail Load</td>
</tr>
<tr>
<td>LF</td>
<td>Load Following</td>
<td>TX</td>
<td>Transmission</td>
</tr>
<tr>
<td>LOLE</td>
<td>Loss of Load Expectation</td>
<td>UAI</td>
<td>Unauthorized Increase Charge</td>
</tr>
<tr>
<td>LRE</td>
<td>Load Responsible Entity</td>
<td>UCAP</td>
<td>Unforced Capacity</td>
</tr>
<tr>
<td>LSE</td>
<td>Load Serving Entity</td>
<td>VER</td>
<td>Variable Energy Resource</td>
</tr>
<tr>
<td>NLSL</td>
<td>New Large Single Load</td>
<td>WPP</td>
<td>Western Power Pool</td>
</tr>
<tr>
<td>NERC</td>
<td>North American Electric Reliability Corporation</td>
<td>WRAP</td>
<td>Western Resource Adequacy Program</td>
</tr>
</tbody>
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Pre-decisional. For Discussion Purposes Only.
# Considerations Tracker Update

## Items Added to the Considerations Tracker in Response to Comments Received Following the July 26, 2022 Workshop

<table>
<thead>
<tr>
<th>Q/C#</th>
<th>Question/Consideration (May be summarized)</th>
</tr>
</thead>
<tbody>
<tr>
<td>98</td>
<td>Whether and how BPA will consider any type of limit on the amount of eligible NLSL load that can be excluded, and whether the consideration for that limit would be a BPA decision, or whether BPA views that as a determination made at the WRAP level.</td>
</tr>
<tr>
<td>99</td>
<td>Request for BPA to clarify its thinking if BPA is considering limits, given NLSL determinations are made annually, to a customer’s ability to make new elections each forward showing season and what those limits may be.</td>
</tr>
<tr>
<td>100</td>
<td>Seeks further discussion around how customers may exclude NLSL and treat PF-served portion separately when the customer has grandfathered PF-serving load and NLSL at the same site.</td>
</tr>
<tr>
<td>101</td>
<td>Request for BPA to clearly articulate the potential costs and benefits to UEC’s members of WRAP participation.</td>
</tr>
<tr>
<td>102</td>
<td>Encourage BPA to develop its analysis [for the formal decision] with consideration of at least two timeframes: (1) the benefits and risks to customers during the Regional Dialogue contract term, and (2) the benefits and risks to customers thereafter. This analysis will permit BPA’s customers like UEC to make informed decisions regarding the participation of the loads they serve currently, and in the future.</td>
</tr>
</tbody>
</table>
### Considerations Tracker Update

**Items Added to the Considerations Tracker in Response to Comments Received Following the July 26, 2022 Workshop**

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<td>103</td>
<td>Concerned that BPA is requiring customers who signed Regional Dialogue contracts which remain in force until 2028 to discuss and resolve credits/penalties in the BP-24 rate case setting (covering Fiscal Years 2024-25) for services and obligations that were never a part of the contract, but now are “required” due to BPA’s potential and entirely elective participation in a voluntary Resource Adequacy program. The disconnect between current contract rates, terms and conditions and the WRAP has not been adequately considered or articulated.</td>
</tr>
<tr>
<td>104</td>
<td>Disconnect between BPA having sufficient QCC on a planning basis, but then asserting a risk of unidentified cost-shifts as the basis for creating and allocating to BPA customers credits and penalties needs far better articulation - including the contractual basis for doing so in the current contract period. Respectfully, there cannot be a “credit” for NLSL WRAP participation without an accompanying cost, and it is reasonable to characterize that cost which will be allocated in BP-24 to some or all of BPA’s preference customers as a “penalty”.</td>
</tr>
<tr>
<td>105</td>
<td>Provide more details regarding how loads served with unspecified resources will impose costs on the customers of the Federal power system, whether Tier 1 or Tier 2 (or other resource pools).</td>
</tr>
<tr>
<td>106</td>
<td>Identify the benefits, by way of avoided costs, that BPA anticipates will be realized by Tier 2 customers as a result of some preference customers choosing to serve these loads with unspecified resources.</td>
</tr>
</tbody>
</table>
Considerations Tracker Update

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<tr>
<td>107</td>
<td>Explain why BPA is not allowing the exclusion of A-RHWM load. Identify the costs and benefits that would be realized by Tier 2 customers as a result of some customers serving AHWM loads with unspecified resources.</td>
</tr>
<tr>
<td>108</td>
<td>Request to elaborate on what new planning requirements, accounting and application(s) are being contemplated for the post-2028 contracts.</td>
</tr>
<tr>
<td>109</td>
<td>Appears to be a conflict in messages between BPA’s intent to encourage resource development under Provider of Choice discussions and the policies related to WRAP for unspecified resources. Has BPA considered allowing a specified portion of load to be served with unspecified resources?</td>
</tr>
</tbody>
</table>