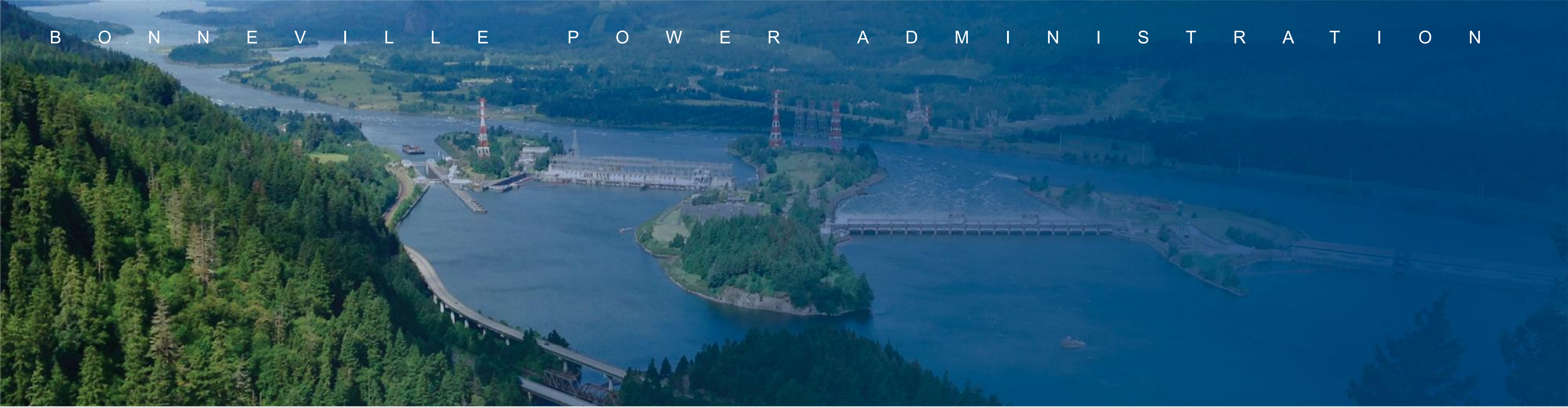

WRAP Load Exclusions Within Bonneville's Load Responsible Entity Area

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Agenda

- WRAP Overview and Benefits
- Load Exclusions in WRAP: Definition and Context
- BPA Staff Position on WRAP Load Exclusions
- Next Steps

WRAP Overview and Benefits

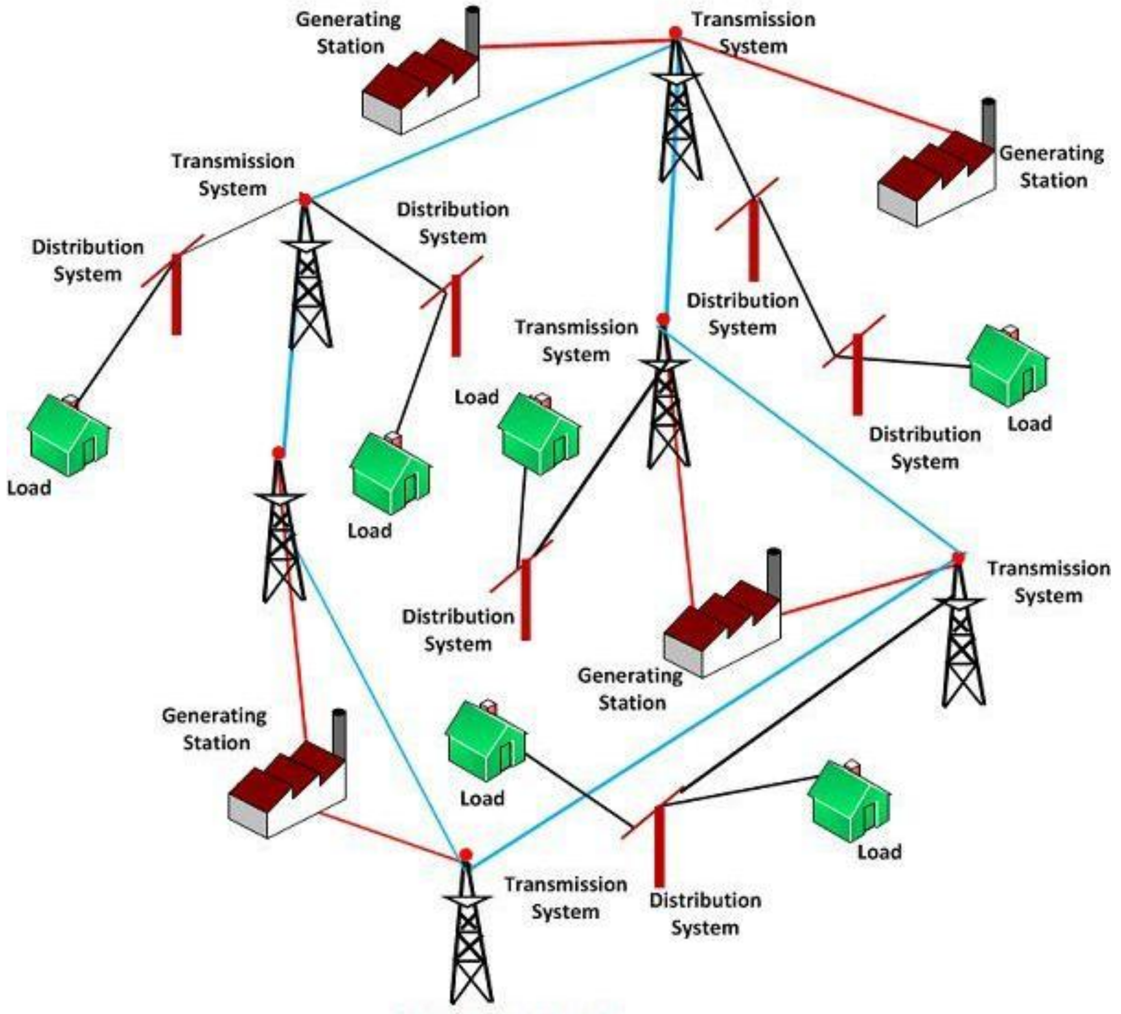
Western Resource Adequacy Program

- The Western Resource Adequacy Program (WRAP) is a program designed to take advantage of and maximize regional diversity in resources and load, enhancing reliability for customers across the program footprint
  - Program created and developed by its participants
  - FERC approved Resource Adequacy program
  - Administered by WPP (Western Power Pool); SPP (Southwest Power Pool) acting as the technical Program Operator

- WRAP provides participants with an accurate regional picture of resource needs and supply, enabling reliability through collaboration, taking advantage of operating efficiencies, diversity, and sharing pooled resources

BPA's Interest in WRAP Participation

- Lack of visibility into interconnected systems' resource adequacy creates risk for all system operators
- A regional Resource Adequacy program:
  - Provides a clear, uniform standard with accountability and commitment from each participant
  - Puts bounds around how much capacity BPA is responsible for providing
  - Creates transparency of individual utility resource and transmission plans
  - Creates potential for cost and resource savings through diversity benefits



BPA’s Benefits of WRAP Participation

- What does BPA get from WRAP participation?
  - Assurance that all WRAP participants are planning for resources to meet load 7 months in advance
  - Regional transparency into physical resource planning
  - Visibility into participant footprints a week in advance of energy needs
  - Provides a source of pooled capacity to draw from if BPA is unable to meet load needs
  - Foundational for meeting resource adequacy needs under Day-Ahead Market (DAM) integration

Load Exclusions in WRAP Definition and Context

What is a Load Exclusion in WRAP?

- Load Exclusion is a WRAP-defined option available to the WRAP Load Responsible Entities (LRE) for load types that meet specific eligibility requirements
- LREs that select this option for loads that meet the eligibility requirements have these loads removed from their WRAP requirements. A complete operational removal of the specific excluded load from the LRE’s Forward Showing and P50 Peak Load Forecasts
- The load must be separately metered and excluded in its entirety; partial exclusions are strictly prohibited
- Signed senior official attestations from both the Participant - the LRE (in this case BPA) and end-use consumer load are required
- **BPA Staff Position:** At this time, BPA (as the WRAP Participant and LRE) does not plan to grant requests for Load Exclusions for loads located in a Load Following customer’s service territory. Rather, BPA will focus on exploring concepts that will reduce the net cost to customers of meeting the WRAP requirements for these load types

Background and Scope of Impact

- The concept of load exclusions was discussed during BPA's WRAP customer meetings that took place from 2019 – 2022
  - Multiple WRAP participants had interest in load exclusions for a variety of reasons. This resulted in the inclusion of load exclusion language in BPM 103 – Forward Showing Capacity Requirements
- BPA did not take a stance on load exclusions at the time but committed to providing LF customers with clear policy direction regarding WRAP "load exclusions" by September 30, 2026
- The potential scope of WRAP load exclusions continues to grow:
  - Load eligible for WRAP Load Exclusions within the BPA LRE is around 1700MW today, and is projected to grow to as much as 4,000MW by 2035

BPA Staff Position on WRAP Load Exclusions

BPA Staff Position on WRAP Load Exclusions within its LRE Footprint

- BPA should not plan to grant any requests for load exclusions during both current (RD) and future (POC) contract periods
- BPA should actively partner with customers to develop concepts that reduce the customer’s net cost of meeting the WRAP requirements associated with NLSLs served with non-federal resources

Drivers for Adopting this Position

- **Customers' requests for certainty:** Gives customers a clear baseline for their long-term power procurement planning under upcoming Provider of Choice (POC) contracts
- **Reliability assurance:** Prevents the operational risks of "RA islands" and shields BPA Power Services from unexpected, emergency obligations
- **Fosters the creation of new sustainable solutions:** BPA, its customers, and the end-use consumers are incentivized to take advantage of any operational flexibilities that large loads can provide – i.e., load shifting and coordinated use of backup generation
- **Market preparedness:** Maintains a simplified and clean path for potential DAM integration
- **Status quo:** Does not compromise in-flight agency efforts that impact all customers

Load Exclusion Impact on BPA

- In their current design, WRAP load exclusions for Load Following customers present challenges for BPA

- Load exclusions create resource adequacy islands and a real-time default obligation risk for BPA:
  - Carving out a significant amount of megawatts from regional planning tools creates uncoordinated pockets, degrading regional reliability monitoring
  - If an excluded load’s energy resources fail to deliver in real-time, the load shifts onto BPA's system as an unexpected obligation

- Excluding loads for Load Following customers effectively sidesteps BPA's connection to those loads. This sidestepping stifles cost-effective resource adequacy solutions and creates inequitable risks for customers

Potential BPA Impacts of WRAP Load Exclusions

"[A]n excluded load obligation [must] remain[ ] isolated, especially in the event of peak demand in the region, without any path for that load to return to BPA in any way if it is excluded." - Issue 66 with language on Page 161 of Provider of Choice Contract Record of Decision

Operational

- BPA can not obtain WRAP assistance for serving excluded load in real time
- Unserved load falls back on BPA to serve to maintain reliability via BA requirements
- BPA may need to hold additional capacity for real time to mitigate this undefined risk in the event a large amount of load is excluded from WRAP

Cost Recovery

- Equitable cost recovery for capacity withheld for WRAP load exclusions remains a concern
- No clear method by which to minimize cost shifts if BPA were to withhold additional reserves to mitigate the heightened delivery risk of WRAP excluded load

Until BPA can mitigate these risks and do so in an operational and cost-effective fashion, the better approach is to include the loads in BPA's Forward Showing obligation and collaboratively work with Load Following customers to reduce the customer's net cost of meeting that WRAP obligation.

Next Steps

Next Steps

- Submit comments and/or net cost reduction concepts by September 17th to BPAMarketInitiatives@bpa.gov
  - Net cost reduction concepts could include a BPA-specific implementation solution or a programmatic change to WRAP
- BPA will close out this process with customers shortly thereafter