

February 11, 2020

Submitted via email to techforum@bpa.gov on February 11, 2020

RE: Comments in Response to BPA’s January 28 TC-22, BP-22, EIM Phase III Stakeholder and Finance Workshops

PPC appreciates the opportunity to comment on BPA’s January 28 stakeholder workshops and to provide feedback that will shape future discussions on these topics. We look forward to engaging with BPA and other stakeholders as we continue to develop these issues and work to identify potential alternatives to address concerns raised by BPA and its customers.

PPC offers the following initial comments on BPA’s January 28 stakeholder meeting.

Gen Inputs (BP-20 Solar Study)

PPC appreciates the work BPA has done to analyze the costs and impacts of holding shaped balancing reserves. Based upon the study, PPC does not believe that shaped balancing reserve operations provide material value at this time. PPC agrees with BPA staff’s evaluation of holding shaped reserves and believes other on-going BPA initiatives such as Grid Modernization and EIM Implementation are a better use of BPA resources at this time.

Given the existing level of solar integration in BPA’s BAA, there appears to be limited benefits of holding reserve quantities based upon solar generation profiles. Currently, the BPA BAA has less than 20 MWs of installed utility scale solar generation. The analysis performed by BPA indicates that with shaped reserve operations, overall reserve quantities may be reduced on an average basis. However, the timing of when those reserves are held may increase the opportunity cost of holding reserves. Complicating the analysis is the reliance on synthetic solar data. PPC commends BPA’s approach to developing synthetic solar data, however actual solar generation that develops may have different balancing requirements. At this time, it is likely more prudent to “wait and see” how solar integration changes BPA BAA’s balancing reserve needs.

Pursuing shaped reserves would also take away BPA resources from other high-importance BPA initiatives such as EIM Implementation and Grid Modernization. Transitioning away from holding reserves in a flat shape would require system modifications and changes to operational practices. These changes may not align with the EIM resource sufficiency test and may impact BPA’s ability to participate in EIM.

Section 7(f) Rate Design

PPC also appreciates the effort put forth by BPA staff to develop a conceptual response to customer requests from the BP-20 rate case to explore alternative 7(f) rate design. The current design of the NR rate, particularly as it applies to NLSL service, has been identified as a significant issue by many PPC members. The conceptual options presented by BPA staff could make it feasible for customers serving NLSLs to choose to take service at the NR rate. These options could potentially allow customers another option for NLSL service and opportunities for BPA to maximize revenues from surplus sales while minimizing administrative hurdles for all parties. To be successful, limitations and mechanisms to avoid risk shifting between rate classes would need to be addressed at the same time. PPC believes there is threshold interest among customers and enough potential value to merit further exploration.

Long Term Financial Planning

As an adjunct to other items, BPA staff also provided a brief presentation to highlight a desire for discussions with customers on strategic financial issues. This list included financial metrics, debt management, access to capital, and treatment of regulatory assets. These are all crucial to BPA's financial health and long-term strategy. PPC welcomes engagement on the issues and questions raised by BPA through the lens of providing long-term value to customers.

Additionally, PPC requests that BPA add the topic of long-term cost and rate forecasting to the existing list. As post-2028 contract discussions become more concrete, customers will need greater visibility into the long-term view of BPA's cost and rate trajectory. We understand that there may be competitive sensitivities or significant uncertainty in some areas but are confident that a collaborative approach will yield results that meet both BPA and customer needs.

Thank you for the opportunity to comment. We look forward to working on these and the other TC/BP/EIM issues collaboratively with BPA and other stakeholders over the coming months