

October 9, 2024

Submitted via e-mail to techforum@bpa.gov

RE: NRU Comments on the BP-26 Power and Transmission Rates Workshops

Thank you for this opportunity to comment on the BP-26 Rates workshops held on September 25th and 26th. Northwest Requirements Utilities is a trade association comprised of 57 mostly small, mostly rural Load Following and NT customers that rely mostly or fully on Bonneville for their power supply and transmission service.

TIER 2 RATES

NRU appreciates BPA's new Tier 2 pricing proposal that considers alternative methods to determine Tier 2 rates when BPA is valuing unpurchased amounts of power. We agree that there are multiple ways to measure marginal prices, and that the method used to set Tier 2 rates in the BP-24 settlement was an equitable method that averaged two previously used marginal prices and resulted in fair pricing for the Tier 2 product for the BP-24 rate period.

NRU asks BPA staff to continue using the marginal pricing method that was used in BP-24 to set BP-26 Tier 2 rates, specifically valuing unpurchased amounts by averaging P10 Aurora prices with ICE prices. This method effectively adds a fixed premium adder to P10 Aurora prices equal to half the difference between forward prices and spot prices at critical water. We agree with BPA's BP-24 final studies that the risk premiums inherently included in forward prices and in low water conditions provide a sufficient forward pricing adder and that this adder is more appropriate than using the marginal demand rate.

UTILITY DELIVERY CHARGE

NRU appreciates BPA's staff proposal to roll the Utility Delivery segment into the Network segment. We fully agree with BPA that the rate has become unduly burdensome and that the remaining facilities are unlikely to be sold for a variety of reasons. This proposal will provide much needed rate relief to several NRU members, have a minimal impact on other customers, and we thank BPA for their hard work and collaboration on this issue.

Sincerely,

Emily Traetow
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Northwest Requirements Utilities