PGP Comments on BPA's NITS Access to Transmission Capacity May 2025 Workshop

Introduction & Summary

The Public Generating Pool (PGP) is a collection of nine Public Utilities that work together on issues of common interest. Some PGP members are BPA Network Integration Transmission Service (NITS) customers. PGP members currently purchase approximately 45% of the requirements power sold by the Bonneville Power Administration, own or purchase approximately 8,000 MW of non-federal generating resources, and have combined retail sales in the Northwest approaching 5,000 aMW. While members are situated differently regarding their current and planned direct use of BPA Transmission Service and Power Supply, all PGP members recognize that BPA's ability to plan and build a reliable and adequate transmission system is essential for PGP members and the broader region.

Below PGP provides three recommendations to Bonneville to proactively address NITS Access issues within the context of BPA's broader Transmission Reform Process (TPR). At a high level, PGP encourages a more holistic approach to addressing issues that are driven by multi-faceted uncertainties and that affect all transmission customers within the TPR process while reserving issues for the NITS Access process that are clearly specific to the provision of NITS service. PGP also recommends specific approaches and tools that may be used to avoid the adoption of subjective thresholds and arbitrary segmentation of the provision of NT service. These recommendations are:

1. ***BPA should sequence and resolve upstream issues in the Transmission Planning Reform process to enable effective solutions to NITS Access challenges***
2. ***Specific challenges and risks associated with new large loads should be defined in greater detail and should be addressed in the context of other drivers of uncertainty and impacts to all BPA customers***
3. ***Scenario planning should be used to incorporate load uncertainty within the context of the System Assessment and new mechanisms should be considered to improve confidence in NITS load forecasting***

In addition, in an appendix, PGP also provides several related recommendations that are more appropriately addressed in the TPR context.

PGP Comments & Recommendations

1. ***BPA should sequence and resolve upstream issues in the Transmission Planning Reform process to enable effective solutions to NITS Access challenges***

PGP appreciates BPA's efforts to address the critical need to provide incremental transmission service in a time of increasing uncertainty. The issues BPA is addressing in the NITS Access to Transmission Options have material linkages to the broader Transmission Planning Reform (TPR) process. It is and will continue to be challenging to address NITS Access issues before several foundational issues are resolved. These issues include: 1) the need for immediate access to service and related product design; 2) proactive planning for growth and how to incorporate all load service obligations; , 3) the need for ongoing development of least-regrets core system expansion processes; and 4) process and transparency improvements in how transmission needs of loads on the system will be met. The impacts of new large loads coupled with an evolving resource mix affect all BPA transmission customers and new processes are needed across the board to adapt to the changing landscape. The reforms resulting from the TPR should ultimately enable clarity on what, if any, specific costs or service needs are specific to NITS customers. A NITS process can focus on NITS-specific problems and compatibility with related processes and risk- and cost-allocation frameworks. PGP therefore strongly recommends that BPA sequence the NITS Access options and scope within the reforms contemplated in the TPR.

2. ***Specific challenges and risks associated with new large loads should be defined in greater detail and should be addressed in the context of other drivers of uncertainty and impacts to all BPA customers***

BPA's stated rationale for a proposed solution that separates NITS load into "trended" and "large load" categories has to do with its inability to serve these loads without system expansion. BPA has further explained that this approach is based on the "size, timing, risk profile, and impacted transmission paths" and the large loads could be addressed through the commercial process. While not directly addressed, the implication of this approach is the direct assignment of costs to individual customers to manage stranded cost risk within a NITS framework that generally socializes costs and risks. To understand the degree to which this is appropriate and actually manages the risks associated with new large loads, customers and stakeholders need a much more detailed articulation of the risks being managed and how costs might be assigned directly to individual customers versus incorporated into an embedded rate.

When the specific risks and concerns introduced by new large loads are defined in greater detail, solutions can be tailored to address the specific risks identified. If there is a risk specific to addressing NITS customers with new large loads, then this should be the lens for development of solutions. PGP strongly suspects that the challenges and risks are broader, and if so should be addressed holistically within the broader TPR context of impacts to all customers.

A more detailed evaluation of the risks associated with new large loads could include answering the following:

- What are the specific stranded costs risks and system upgrades that relate to single large load facilities?
- What types of expansion are eligible for direct assignment and why?
    - Are there specific infrastructure types that are used for large single facility load service only, and which of these are site-specific?
    - How do these infrastructure needs and associated risks differ from the dispersed risk profile of growth of the existing utility customer-base?
    - Once in this category, what is BPA's role, if any, in management and allocation of risk between the utility and its large load customer?
    - What mechanisms can be voluntarily put in place to put single customer risk and the management thereof in control of BPA customers and their specific large loads, reducing the need for BPA to manage the risk or have concerns about building out any necessary infrastructure?
    - Are there voluntary or cost-sharing mechanisms that could enable large customers to get access to service by reducing the costs shared by broader rate classes?
- How does the evaluation of large load risks differ for expansion of an existing load or site vs a new load? Does this change the costs exposed to potential direct-assignment of costs?
- Assuming new system expansions are designed for the greatest pool of benefits and therefore socialization of costs, could there be mechanisms for a utility to buy-down or opt-in to site specific cost allocation to get it to a defined benefits or cost-socialization threshold?

After a broader discussion, BPA could reframe the NITS Access dialogue, articulated problem statement, and evaluation of any proposed solutions. The NITS-specific questions could include:

- What makes these specific costs reasonable to direct assign, and how does this align with the provision of NT service?

- Are there new mechanisms that can be added to the LARC process for these loads to provide sufficient certainty and duration to avoid direct assignment of costs and enable the broader NITS group to be comfortable with socialization of costs/ residual stranded cost risks?
- How can "new growth" be defined in relation to clearly documented direct-assigned costs vs. adopting an arbitrary size threshold?

In addition to addressing new large load risks with greater clarity and in the appropriate context, PGP recommends that BPA also consider the uncertainty driven by new large loads within the context of increasing uncertainty on the system. Other drivers of uncertainty include transportation and building electrification, the increasing prevalence of intermittent/non-dispatchable resources, aging infrastructure and retirements, and load fluctuations associated with increasing weather events. All of these uncertainties are driving the need for comprehensive reform of BPA's transmission processes. PGP recommends that the uncertainties specific to new large loads be addressed within the context of how BPA will address uncertainty more broadly. This means resolving foundational issues within the TPR processes before tackling the impact of new large loads on NITS customers specifically.

3. ***Scenario planning should be used to incorporate load uncertainty within the context of the System Assessment and new mechanism should be considered to improve confidence in NITS load forecasting***

In addition to tailoring solutions to specifically identified risks, BPA should consider the industry best practice approach of scenario planning to determine least-regrets strategies that benefit the system in multiple potential futures. This analysis could consider load uncertainty for NITS customers along with other variables to align the system expansion and related planning functions with all drivers of uncertainty. Scenario planning should help to reduce the perceived risk of building towards low probability outcomes. The imposition of limits on service availability based on a historical analysis and/or seemingly arbitrary size thresholds for single loads is inconsistent with the more proactive planning being pursued in the TPR. PGP therefore recommends that planning for uncertainty associated with NITS large loads be incorporated into the TPR's broader look at uncertainty and transmission reform generally.

Following this assessment, BPA can consider how to assess the level of certainty around particular load in the context of the provision of transmission service generally and NITS service specifically. This should enable solutions that are more clearly tailored to the level of confidence behind different loads and scenarios and avoid the need to establish

subjective thresholds. Concepts to consider with respect to assessing the level of certainty around a particular load could include:

- Contractual relationships between the utility and large customers (for example, the concepts used in BPAs contracted-to, committed-for (CT/CF) process)
- Contractual relationships or attestations linking new loads or even trended growth to new resource provision
- Expansions of an existing load site (like "trended load", the customer already exists) vs "new" customers at greenfield locations
- Construction agreements or other proof of progress towards load development
- Other mechanisms such as new rate structures by utilities, internal planning documents, financial planning documents, capital outlay that demonstrate project commitment
- Third party or macro-level studies or evaluations of expected high levels of trended growth

Addressing these concepts may ultimately require BPA to add rigor and documentation requirements to customer-submitted data regardless of load or customer-type, and for BPA to provide greater transparency around their process for "accepting" a load forecast or assessing its level of certainty.

Conclusion

PGP urges BPA to improve the linkages between the NITS Access and TPR processes and to appropriately allocate the broadly applicable issues to the TPR process and NITS-specific issues to the NITS Access process. PGP believes that BPA has a significant opportunity within the TPR process to further explore the uncertainties, including large loads, that are driving the need for transmission expansion as well as creating challenges with respect to the provision of NITS service. While NITS service has some unique design considerations, any enhancements and improvements should result in greater adaptability and be examined fully for applications to other customer types and transmission needs. We look forward to seeing how some of these issues can be addressed with the full suite of BPA transmission customers in the TPR to enable BPA to continue to provide critical transmission services to NW utilities and their customers.

PGP Appendix Recommendations for TPR Reform

1. ***Several key questions embedded in the NITS Access dialogue could appropriately be addressed in the broader TPR process***

There are several ways in which the NITS Access process has highlighted some ways in which BPA may be able to address uncertainties in load growth and resource development. PGP suggests that BPA consider the following questions as it develops the TPR process:

- Can exercises such as the Portland Area Reinforcements pilot be translated to broader scenario analysis in the system assessment process?
- Particularly when "trended growth" is expected to increase substantially (above historic trends) in the longer term, what planning horizons need to analyzed to understand this issue?
- How does the location of expected resource development impact this analysis and are there mechanisms that could better link the load and resource portions of the system planning functions?
- Can BPA provide additional information to differentiate low-barrier projects from high barrier projects on both the loads and the generation side to proactively improve the quality of requests and likelihood of success?
- Best practices indicate it is better to evaluate and socialize portfolios of projects vs try to isolate one off projects with limited beneficiaries. Can expanded use of scenarios and portfolio analysis disseminate stranded cost risk sufficiently to reduce the need to add new thresholds and categories to BPA's existing process segmentation?
- Multi-value analysis frameworks that align better with utility-level planning and decision-making can also support the identification of a greater pool of benefits for any upgrades that are required. BPA should offer greater transparency around benefits and avoided costs that are evaluated for feedback from the broader TPR stakeholder community.

2. ***The interim service concept provides a path to increase the certainty of new loads in advance of system expansion and should be discussed early in the process to support System Assessment improvements***

The disconnect between the speed at which a new load or generation can come online and the time needed to expand the transmission system appears to be a key consideration. Further evaluation of this specific issue should be addressed in multiple areas. The concept of the short-term/immediate access to 6NN or conditional service could help to address this gap while enabling loads and resources to come online with certainty of

access at some level. Further explanation of this product and how it could be designed may provide an opportunity to add certainty to loads that are growing by eliminating the holding pattern that contributes to making loads uncertain, which is the need for immediate transmission service. Such a concept may also apply to generation resources with the use of a provisional product, enabling BPA to know with certainty that the load and resource is indeed real. Depending on the design and conditions, such limited service may even be sufficient for the long-term for some parties, and this may provide opportunities for cost reductions and the buildout of a more efficiently used system as long as incentives to do so are transparent and meaningful. Given that this product provides a potential opportunity to manage the development timeline disconnects, stranded cost risk, and reduce uncertainty in what the system needs really are, it should be explored more fully within the TPR and included more comprehensively in any final NITS Access proposal.

3. ***New mechanisms to address BPA resource constraints should be part of any proposed solutions***

Beyond planning better, both the NITS Access process and the TPR indicate resource constraints on the BPA side, which may be exacerbated in the current political climate. Discussions in the TPR for how to enable more customer-build options on both the load and the resource development side, or other mechanisms to address supply chain, permitting, and environmental review delays may also provide meaningful opportunities to alleviate resource constraints while also reducing risk for BPA. While not clearly articulated as in-scope for the TPR, the challenge of how to actually build out the system in the target timeframe is an important piece of the overall solution set and will be critical to addressing the ongoing need for system expansion. To the extent that customer-build options could be introduced in the NITS Access discussion as a means to expedite infrastructure build out, minimize costs, and allocate risks in alignment with NITS principles, these should be pursued as well.

4. ***BPA should analyze and explain any potential market development impacts on the system use and translate learnings into the TPR process***

PGP members are similar in that they all own and operate their own resources, while some take power services from BPA. Non-BPA resources may use BPA transmission either as Point to Point or be classified as Designated Network Resources. Due to these non-BPA resources and historical BPA power product selection (ex. Slice and Block products), many PGP members currently participate in bilateral energy trading, and some anticipate direct participation in the day-ahead organized markets. Tacoma Power and Seattle City Light

also participate in the EIM today. This current and anticipated market participation introduces the intersection of BPA transmission product offerings and market design.

For example, as noted in the TPR customer workshop, the expanded use of 6NN for load service, without a corresponding congestion allocation, presents the potential for new price exposure in nodal markets that may not be commensurate with the current use and value of NT transmission. This also increases the importance of limiting how long interim service use is relied upon to meet BPA's core obligation to NITS customers. Similarly, the concept that BPA transmission customers who want to participate in a market other than Markets+ or have no market participation have the ability to "opt-out" transmission for these alternative uses, the congestion allocation for Point-to-Point service used in the market, and the development of markets in general may reduce BPA and transmission customer access to unscheduled short-term transmission. PGP recommends further analysis on these expected changes to inform customers on expected impacts and incorporate these impacts into any ongoing discussions and planning reform, especially if the expanded use of 6NN is going to be assumed to meet BPA's core service obligation.

Finally, the transition to nodal pricing and participation of many resources in the different markets could provide new information to drive participant behavior that may inform planning processes in new ways, as envisioned and experienced by Regional Transmission Organization development across Eastern markets. The Markets+ design does not require new resources to have transmission rights to participate in the market, which may change the number of TSR requests that BPA receives over time, and the volume of merchant facility requests on the system. In alignment with the overarching core objective of transmission development for load service, the prioritization of project interconnection that adds certainty to load forecasts (through utility or contract linkage prioritization, as done in the CAISO Transmission Planning Process) may provide a new opportunity for interconnection and load service request prioritization that addresses some of the problem statements raised in the NITS Access discussion while meeting the core obligations of any expansion of BPA Transmission, which is to enable transmission customers to serve their load.

PGP looks forward to exploring these concepts and other reform ideas in the TPR process, and to a future evaluation of applicability to NITS-specific proposals when appropriate.