

# **Customer-Led Workshop for BPA Transmission Reform Process**

**NT Customer Group Presentation  
May 6, 2025**

# Agenda

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- **Introduction: Who We Are**
- **Summary of Position on BPA's Transmission Planning Reform Process**
- **BPA's Tariff and Statutory Obligations**
- **Provider of Choice Contracts and Transmission Planning Reform**
- **Initial Reactions to BPA's Vision of Future State**

# Introduction: Who We Are

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## **Northwest Requirements Utilities (NRU)**

- 56 Load Following preference customers and one G&T (PNGC), serving 8 states
- All NRU members rely on NT contracts with BPA for reliable load service
- NRU members make up 37% of BPA's Tier 1 load
- Includes many rural and low density distribution system utilities

## **Western Public Agencies Group (WPAG)**

- 27 preference customer utilities located in Washington and Oregon
- Includes some of BPA's smallest Load Following and some of its largest Slice/Block customers
- WPAG member make up more than 33% of BPA's Tier 1 load
- Other WPAG members have significant Network Resources of their own that they use to serve their loads (in addition to the power they receive from BPA)
- 26 of WPAG's members are NT customers of BPA

## **PNGC**

- 25 cooperative utility preference customers with service territories in 7 states
- PNGC Power is the sole operating G&T cooperative in NW region
- PNGC is BPA's largest Tier 1 customer (758 aMW)
- PNGC represents 10.86% of all BPA customer load
- All members of PNGC are NT customers of BPA

# Summary of Position on BPA's Transmission Planning Reform Process

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- **Under the current (paused) transmission planning process, BPA is increasingly unable to timely meet the load growth needs of NITS customers, whether from Federal or non-Federal resources**
  - [BPA Transmission Planning Reform Presentation from April 21, 2025](#)
  - BPA [NITS Presentation from March 20, 2025](#) (stating that “BPA’s transmission system is currently very constrained in the ability to award additional LTF service”)
  - NT Customer Presentation from August 14, 2024 ([Slides](#) and [Recording](#))
- **BPA must reform its transmission planning process to provide a more effective pathway for the region’s utilities to timely meet their transmission needs for load service consistent with BPA’s statutory, tariff, and contractual obligations**
- **The success of BPA’s Provider of Choice Contracts, its participation in WRAP, and potential participation in a Day Ahead Market all depend on the success of the transmission planning reform effort**
- **The “Vision of Future State” presented by BPA on April 21<sup>st</sup> has promise, but more details are needed**

# Summary of BPA's NITS OATT Obligations

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- **To plan and construct its transmission system in a timely manner so that BPA's NITS customers can deliver power generated by their Network Resources (both Federal and non-Federal) to their respective Network Loads**
- **To offer available transfer capability on its transmission system to Eligible Customers on a non-discriminatory basis**
- **To reserve existing capacity for network load growth reasonably forecasted within the transmission planning horizon**
- **To establish a Network Operating Committee for the purpose of coordinating operating criteria in support of implementation of NITS**
- **To conduct system planning in accordance with OATT, Attachment K (FERC Order No. 890 and Order No. 1000), i.e., local and regional planning intended to produce a regional transmission plan or the "BPA Plan"**

# Summary of BPA's Transmission Related Obligations and Authorizations

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Together, BPA's organic statutes:

- Provide BPA with the authority to expand and construct the transmission system for purposes of integrating and transmitting both federal and non-federal power
- Require BPA to reserve sufficient capacity on the transmission system to meet its current and foreseeable future needs before making any excess capacity available to all utilities on a non-discriminatory basis
- Require BPA to furnish transmission service but only as long as it does not interfere with BPA's power marketing program, applicable operating limits, or existing contractual obligations
- Require BPA to set rates that encourage the widest possible diversified use of electric power at the lowest possible rates to consumers, and authorize BPA to use uniform rates to meet such purposes
- Restrict BPA's ability to claw back transmission capacity that it has sold under contract on a firm basis, even when there is a subsequent increase in the requirements for transmission of Federal energy

# BPA Must Ensure it Can Meet its Power Marketing Obligations

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- **After first ensuring that it can meet its power marketing obligations (both current and future), BPA must make any excess transmission capacity available to all utilities on a fair and nondiscriminatory basis**
- **BPA's power marketing obligations include:**
  - Ensuring that BPA has sufficient revenue to recover its costs, including to repay the U.S. Treasury
  - Establishing rates with a view toward encouraging the widest possible diversified use of electric power at the lowest possible rates to consumers consistent with sound business principles, while giving preference and priority to public body and cooperative customers
  - Whenever requested, sell electric power to each requesting preference customer and each requesting regional IOU sufficient to meet their net requirements

# Provider of Choice Contracts

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- **BPA currently meets its power marketing obligations to preference customers through its implementation of the Regional Dialogue (RD) Contracts**
  - Expire September 30, 2028
- **After the RD Contracts expire, BPA will meet such obligations through the Provider of Choice (PoC) Contracts**
  - Expected to be executed and effective in 2025
  - Power deliveries beginning in 2028
  - For a 19-year term that expires September 30, 2044
  - Continues the use of tiered power rates
  - Three main product options under the PoC Contracts are Load Following, Block, and Slice/Block
- **The success of the PoC Contracts and key underlying initiatives will depend on the ability of BPA's preference customers to obtain long-term firm transmission for load service**



# PoC Contract: Transmission Responsibilities

- **Customers purchasing power under the PoC contracts will be responsible for acquiring transmission service on the BPA transmission system from the customer's Point of Receipt (POR) to the customer's Point(s) of Delivery (POD)**
  - Applies to both Federal and non-Federal power
- **For Federal power deliveries, BPA Power Services is responsible for transmission up to the customer's POR**
  - Transmission from the existing FCRPS to the customer's POR is BPA Power's responsibility
  - Transmission to integrate and transmit non-Federal resources acquired by BPA to meet its PoC obligations up to the customer's POR is also BPA Power's responsibility
  - For examples, long-term resources acquired by BPA to serve Above-CHWM load with Tier 2 power

# PoC Contract: Above-CHWM Load Service Election

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- **BPA will continue to use a tiered rate methodology for the PoC Contracts**
- **Sometime next year, each preference customer who requested a PoC Contract will receive a PoC Contract High Water Mark (CHWM)**
  - Fixes the amount of energy the customer will be eligible to purchase at Tier 1 Rates for the duration of the PoC Contract
  - Any load above a customer's PoC CHWM is deemed "Above-CHWM load"
- **Sixty days after PoC CHWMs are fixed in 2026, preference customers will need to elect how they will serve their Above-CHWM load through 2044**
  - BPA Long-Term Tier 2 Product
  - Flexible Option (BPA Short-Term 2 Product, New Specified Resource, Committed Power Purchase Amount)
  - Combination of Long-Term Tier 2 and Flexible Option
- **This transmission reform process must deliver (and soon) an effective and transparent pathway to firm transmission for load service for customers making Above-CHWM elections**

# PoC Contract: Western Resource Adequacy Program (WRAP)

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- **BPA will participate in WRAP with its first binding season occurring prior to Oct. 1, 2028**
- **Planned product customers (Slice and Slice/Block) will be their own Load Responsible Entities (LREs) under WRAP**
  - Optional for planned product customer to participate in WRAP
  - Likely to become a requirement if BPA joins Markets+
- **BPA will be the LRE for Load Following customers**
  - In addition to providing Qualifying Capacity Contribution (QCC) from the FCRPS, presumably BPA will need to demonstrate that WRAP's transmission requirements from the FCRPS to customer's POD(s) are met
  - The ability of BPA to meet this obligation for Federal QCC will depend on the ability of customers to secure transmission of NERC Priority 6 or 7 from the FCRPS to their loads
- **Before the WRAP forward showing deadlines, Load Following customers will be required to provide BPA:**
  - The QCC for the generating resources underlying their Dedicated Resource amounts
  - Signed Joint Contract Accreditation Form(s) (JCAF) for the customer's Dedicated Resources
  - JCAF will include a certification that the customer's Dedicated Resource meets the transmission component of the WRAP forward showing requirement (NERC Priority 6 or 7)

# PoC Contract: Potential Day Ahead Market

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- **The draft PoC Contract templates contemplate a potential amendment to accommodate BPA joining a Day Ahead Market (DAM)**
- **The ability of preference customers to obtain long-term firm transmission for their Federal and non-Federal power deliveries will determine their eligibility for congestion rent in the market**
- **In the future amendment, Load Following customers will likely be required to assign to BPA Power Services all or a portion of the congestion rent allocated to them by the market based on their firm transmission rights**
- **The ineligibility of 6NN transmission for congestion rents in Markets+ is an issue that needs to be addressed if BPA joins Markets+**
  - Conditional Firm PTP is curtailed at a NERC Priority 6 → eligible for congestion rent
  - NITS 6NN is also curtailed at a NERC Priority 6 → not eligible for congestion rent
  - BPA Power Services uses assigned 6NN transmission rights to deliver market purchases to preference customer loads
  - Preference customers will likely need to use 6NN as a bridge to firm service for new Dedicated Resources, see [BPA's April 21, 2025 presentation](#)

# Success of Provider of Choice Depends on Transmission Planning Reform

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- **The success of the PoC Contract, BPA's ability to meet its power marketing obligations during the term of the PoC Contracts, and BPA's participation in WRAP and potentially a DAM will in large part depend on whether BPA is able to provide a pathway for preference customers to timely acquire firm transmission for load service**
- **Continuing with current transmission planning process is**
  - Unlikely to result in the successful implementation of the PoC Contracts
  - Likely to hinder BPA's ability to meet its power marketing obligations
- **Under such circumstances, the disruptive reform of BPA's transmission planning process to ensure it can meet its power marketing obligations and provide the region's utilities timely firm transmission for load service is not discretionary but rather a statutory imperative**

# Initial Reactions to BPA's "Vision of Future State"

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- **The "Vision of Future State" shared by BPA during its April 21<sup>st</sup> presentations has potential and should be further discussed**
- **However, the details matter and, so far, there are few**
- **Proposal to use more proactive planning that relies on forward-looking, long-term scenarios based on forecasted load will result in more cost-effective and efficient transmission solutions**
  - Superior to BPA's current TSR driven approach, which is a poor indicator of probable transmission need
  - The aggregate demand of TSRs in BPA's current queue exceeds multiples of peak regional loads and can produce illogical and unactionable study results

# Initial Reactions to BPA's "Vision of Future State" Cont'd

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- **Requiring transmission service requests to identify both the resource and the load to be served will better enable timely load service and reduce speculative and duplicative requests**
  - Consistent with how NITS is designed and implemented to provide firm transmission from Network Resources to Network Loads
  - Consistent with the requirement in BPA's tariff that PTP customers submitting TSRs for firm service must identify in the application "the location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties" (Sec. 17.2)
  - Consistent with BPA's stated goal of reducing the need for transmission system expansion by encouraging resource development located close to load (see, e.g., the Short Distance Discount), this requirement could be used as a starting point to distinguish and incentivize behind-the-meter resources in planning efforts and expansion decisions

# Initial Reactions to BPA's "Vision of Future State" Cont'd

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- **BPA's proposal, as we understand it, is to provide firm transmission capacity for "trended load growth" for NITS customers without requiring those NITS customers to participate in upgrades that may be necessary to provide capacity**
- **Need further information regarding what BPA means by "trended load growth" to determine whether the proposal would meet BPA's OATT obligations to**
  - Plan and construct its transmission system in a timely manner so that BPA's NITS customers can deliver power generated by Network Resources (both Federal and non-Federal) to their respective Network Loads
    - Including all load growth included a NITS customer's annual load forecast submittals (both "trended" and "non-trended")
  - Reserve existing capacity for network load growth reasonably forecasted within the transmission planning horizon



# Initial Reactions to BPA's "Vision of Future State" Cont'd

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- **Does “trended load growth” mean:**
  - Average trend load growth across all NITS customers?
  - Specific trended load growth for individual customers?
  - Base line trend for all customers with upward adjustments based on individual load forecasts?
  - What if a customer already has firm transmission encumbered for non-trended load growth?
  - How will load growth other than “trended” impact future trended load growth forecasts?
  - Does it include planning uncertainty? What happens if actual transmission capability falls below forecasted trend plus uncertainty?
  - Treating transmission assets differently for load “types” could result in valuing assets differently which runs counter to the shared use of resources in organized markets.
- **What is the process that BPA will use to satisfy its obligation to plan and install sufficient capacity related to non-trended load growth?**

# Initial Reactions to BPA's "Vision of Future State"

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- **BPA's proposal to provide on demand service will place all resources on an equal footing from a transmission perspective when responding to the requests for proposal of load serving entities**
  - Queue time will lose its preeminence given on demand service
  - Will allow other relevant factors determined by utilities to drive resource selection
- **On demand service of 6NN or Conditional Firm PTP**
  - Would help BPA and other LREs meet the transmission component of the WRAP forward showing requirements
  - Further highlights and exacerbates the disparate treatment of 6NN and Conditional Firm for purposes of allocating congestion rent in Markets+ (if BPA joins)
    - Needs further discussion
  - May have other congestion rent implications for all firm customers if BPA joins Markets+
    - Needs further discussion
  - Conditional Firm PTP is currently automatically allocated short-term firm capacity before it is made available to the market, which could place 6NN service at a further disadvantage

# Initial Reactions to BPA's "Vision of Future State" Cont'd

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## ■ Study Areas

- BPA's recent area study efforts have proven an effective way to engage an aggregate body of impacted parties to better analyze and understand sub-grid transmission needs. Expanding the effort to sequentially consider each sub-grid area would benefit all parties involved

## ■ Reliability Impacts

- Risk mitigation and resiliency investments should be given increased priority through the planning process

## ■ Market Operations

- Should BPA join a DA market it is expected that NW transmission operations will materially change based on transmission congestion and resource availability
- As part of the planning reform process, BPA should incorporate a defined mechanism for revisiting transmission planning to respond to any necessary future state conditions

## ■ Project Execution

- BPA's acknowledgement that transmission project execution will need to look different and its willingness to explore other options to the status quo (including potential customer builds) are promising and worthy of further discussion

# QUESTIONS?