September 3, 2021

Submitted electronically at bpa.gov/comments

I. Introduction

Northwest Requirements Utilities (“NRU”) submit these comments in response to the Bonneville Power Administration’s (“BPA’s”) draft decision to participate in the Northwest Power Pool Resource Adequacy Program (“RA Program”) Phase 3A.

As you know, NRU represents the interests of 55 Load Following customers that hold NT Transmission contracts with BPA. Of primary importance to NRU members is BPA’s ability to offer affordable and reliable power supply and transmission to preference customers. As such, NRU has a strong interest in ensuring that BPA participates in the RA Program only in a way that enhances regional reliability, provides measurable benefits to Load Following customers and provides fair treatment in governance and cost allocation for Load Following customers.

NRU does not oppose BPA’s participation in Phase 3A of the RA Program, but, prior to the agency participating in further stages of the program, the Northwest Power Pool must refine the program’s governance structure to allow for BPA’s Load Following customers to have a unique voice, and BPA must adequately address RA Program cost and benefit allocation.

II. NRU Does Not Oppose Bonneville’s Participation in Phase 3A of the RA Program.

NRU believes that the RA Program has the potential to be an efficient way to better ensure regional reliability and bring both reliability and financial benefits to BPA’s Load Following customers. Participation in Phase 3A will be a relatively low-cost, low-risk way for BPA to determine long-term viability and to further shape the design of the program. Phase 3A also allows BPA to gain operational experience with the program and to make a more informed decision about participating in future phases, but participation in Phase 3A implies no commitment to participate in further phases of the program. For these reasons, NRU does not oppose BPA’s participation in Phase 3A.
III. Refinement of the RA Program Governance is Needed to Guarantee Load Following Customers a Voice.

RA Program designers have done an excellent job so far of creating a governance structure that allows for truly independent management decisions and has a high likelihood of meeting regulatory requirements, but at least one refinement to the governance structure in the draft Detailed Design document is necessary.

Because BPA will be participating in the program on behalf of Load Following customers and to enhance the reliability of serving the loads of these customers, Load Following customers must have specific and guaranteed voice within the RA Program governance structure. BPA’s Load Following customers will have unique interests in the operation of the program that cannot be adequately represented by BPA or by any other entity.

The current version of the Detailed Design document does not provide for a guaranteed seat for Load Following customers on any of the governing committees. The Program Review Committee, as currently envisioned, appears to be the appropriate forum for Load Following customers to express their concerns and interests, but none of that committee’s 18 seats are currently set aside for Load Following customers. BPA, therefore, should work with the Northwest Power Pool and other stakeholders to revise the Detailed Design document so that Load Following customers either have a guaranteed seat on the Program Review Committee or are otherwise guaranteed adequate participation in the RA Program governance structure after Phase 3A of the program.

IV. BPA Must Adequately Address Cost and Benefit Allocation for Participation in the Program After Phase 3A.

NRU appreciates BPA’s presentations and discussions on allocation of RA Program costs and benefits to date and recognizes that BPA staff and customers have work to do to determine appropriate cost and benefit allocation after Phase 3A of the program. We expect that BPA and customers will need to consider these questions starting with the BP-24 rate case.

BPA allocation of costs and benefits for participation in the RA Program after Phase 3A must, as with other costs and benefits, follow cost causation and general ratemaking principles. Because BPA would be participating in the RA Program for the reliability of, and on behalf of, Load Following customers, it is NRU’s initial view that all costs and benefits of BPA’s participation in the program should accrue to Load Following customers. That said, we understand that there is currently no “Load Following-only” cost pool within the TRM. Therefore, the non-Slice cost pool may be the appropriate place for RA Program costs and benefits to accrue in the near term. Post-2028, it may be appropriate to create a cost and benefit pool related to the RA program exclusively for Load Following customers.
We look forward to working with BPA staff and other BPA customers to further address RA Program cost and benefit allocation.

V. Conclusion

Again, thank you for the opportunity to provide comments on BPA’s decision to participate in Phase 3A of the RA Program. NRU does not oppose the agency’s participation in Phase 3A, but refinements to the governance structure and adequately addressing cost and benefit allocation will be crucial to BPA’s participation in the program’s further stages.

Please feel free to contact me if you have any questions or would like to discuss these comments.

Sincerely,

/s/ Zabyn Towner

Zabyn Towner
General Counsel
Northwest Requirements Utilities