

Davison Van Cleve PC

Attorneys at Law

TEL (503) 241-7242 • FAX (503) 241-8160 • jdvw@dvcclaw.com
Suite 450
1750 SW Harbor Way
Portland, OR 97201

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Via Electronic Filing

Northwest Power Pool
Steering Committee
7505 NE Ambassador Place, Suite R
Portland, Oregon, 97220
inquiries@nwpp.org

Re: NWPP Resource Adequacy Program Detailed Design Document

Dear NWPP Steering Committee:

We appreciate the hard work that has gone into the production of the NWPP Resource Adequacy (“RA”) Program Detailed Design Document, as well as the opportunity to serve on the Stakeholder Advisory Committee during the development of the principles upon which the Detailed Design Document is based. The following comments address the Detailed Design Document generally and proposed Governance structure. Large customers recognize the importance of RA in ensuring a reliable, secure supply of electricity within the region. We are encouraged by the quality of work done during Phase 2B and the good-faith, collaborative spirit shown by various stakeholders throughout this process.

General Comments

Large, end-use electric customers are spread throughout the NWPP footprint, and are served by investor-owned utilities, cooperatively owned utilities, retail competitors, independent power producers, and Bonneville Power Administration – in other words, by each category of Load Serving Entity (“LSE”) participating in Phases 2B and 3A of the NWPP RA Program. As a result, large customers hold a wide range of unique, individual interests related to RA. Nonetheless, as a group, large customers have a strong interest in maintaining the reliability of the regional grid and agree with the goals of increased visibility and transparency. While not directly addressed in the Detailed Design Document and its Executive Summary, it is also critical that RA be achieved at the lowest possible cost. This goal is implicit in the comment that “[o]ne of the key benefits of the program is its ability to unlock the load and resource diversity within the region.”^{1/} Further, while the Detailed Design Document does not “solve every issue

^{1/} Northwest Power Pool, NWPP Resource Adequacy Program Detailed Design, Executive Summary, at 10 (July 2021).

facing the region,”^{2/} customers will evaluate both the Detailed Design Document and the upcoming Phase 3A that the Detailed Design Document enables through a lens that includes cost-management and flexibility around the evolving frameworks in the region related to climate change and carbon regulation.

Governance

An important detail that has set the current RA process apart from previous regional attempts to address this and similar market issues has been the comparatively wide range of stakeholders and viewpoints involved. It is important that the RA Program continue to benefit from a wide range of voices and interests in its implementation and governance.

The NWPP proposal to transition to a fully independent board is a key feature of the Detailed Design Document. A positive feature of this governance proposal is that the Nominating Committee includes each potential category of Load Responsible Entity (“LRE”), but also has seats reserved for Customer Advocacy and Public Policy groups. Inclusion of these non-LRE stakeholders is critical to ensure the full spectrum of regional concerns are represented. Likewise, the Program Review Committee (“PRC”) appears to be the second, and most critical, opportunity for customers to be directly engaged in the governance and design of the NWPP RA Program.

On the other hand, the Resource Adequacy Participant Committee (“RAPC”) is limited to participating LREs. While it appears that this structure is consistent with FERC’s reasoning in Docket Nos. ER21-3-000 and ER21-4-000, it is concerning that the language of the Detailed Design Document does not clearly delineate what proposals or design recommendations would be considered “high priority by the RAPC”^{3/} and be potentially adopted with limited input from the PRC. While it is reasonable that some design changes (e.g., mandated by FERC order) would fall into this category, additional clarity around when the RAPC would have the ability to fast-track a design change by self-identifying it as “high priority” would improve the proposal, and potentially avoid future conflict.

Throughout the development of the Detailed Design Document, concerns have been raised regarding the relationship of this LRE-driven RA Program to the regulators in the states within its footprint. While the Committee of States proposed in the Detailed Design Document attempts to engage the regulators in the governance process, given the reactions and comments of various regulators who have commented on the process, it is far from clear that this structure avoids gaps – or seams issues – between state regulation and the RA Program. These seams issues have the potential to increase the costs that will ultimately be borne by customers, the potential for state and federal conflict, and the efficacy of the bilateral RA market expected to emerge. This is a key area of concern as the non-binding Phase 3A is launched and the Detailed Design evolves.

^{2/} Id. at 8.

^{3/} Northwest Power Pool, NWPP Resource Adequacy Program Detailed Design, Governance, at 42 (July 2021).

Sincerely,

DAVISON VAN CLEVE, P.C.

/s/ Joshua D. Weber

Joshua D. Weber

1750 SW Harbor Way, Suite 450

Portland, Oregon 97201

(503) 241-7242 (phone)

(503) 241-8160 (facsimile)

jdw@dvclaw.com