

September 15, 2021

RE: Comments on Western Resource Adequacy Program – Detailed Design Document

PPC appreciates the opportunity to comment on the Western Resource Adequacy Program’s (WRAP) Detailed Design Document. We have also appreciated the opportunity to serve on the WRAP’s Stakeholder Advisory Committee (SAC). The outreach conducted to the SAC and responsiveness to SAC feedback is important in developing a successful regional program. PPC understands that details of the program will continue to be refined during the next phase. Ensuring that there is appropriate and diverse representation during this next phase and in the final program structure will be critical in developing a successful functional program with broad participation and support across the west.

Representative and Diverse Governance

Many aspects of the proposed WRAP governance structure are targeted towards ensuring that the program governance is representative of the diverse stakeholders which will be impacted by the program. In order for this reflective representation to be achieved, there are several dimensions which should be considered in assessing the diversity of the utilities impacted by the program. First, it is important that the program recognizes that there is a diversity in the types of entities that will be participating in the program. There may be times where Investor-Owned Utilities and Consumer-Owned Utilities have differing perspectives, and both should be included in the WRAP’s governance. Second, there is a regional dimension that should be considered. If the WRAP is successful in expanding outside of the Northwest, there may be regional differences that influence the perspectives of entities from the Northwest, Southwest, and Mountain West. Lastly, the different roles that utilities will play in the program should also be considered to create reflective representation. We address this in more detail below.

The proposed structure for the RA Participants Committee (RAPC) with the blended “house and senate” style voting should naturally ensure that the aspects of diversity laid out above are reflected on that committee. Likewise, the Program Review Committee (PRC) and the Nominating Committee are designed to ensure the perspectives of both IOUs and COUs are included in a comparable manner. PPC appreciates the thoughtfulness that went into these design features.

What is less certain from the current design, is whether regional diversity and the diversity of roles within the program will be properly captured. The regional diversity piece should be better defined in future iterations of the governance structure, particularly once the footprint of the proposed program becomes clearer. The need to capture the diverse roles of entities impacted by the program can and should be addressed now.

PPC represents the interest of nearly 100 consumer owned utilities in the Northwest. Our membership includes large and small utilities in both urban and rural areas spread over five states. Within that diversity, PPC members share one thing in common – they are preference customers of the Bonneville Power Administration (BPA). As preference customers of BPA, our members have the first right to purchase wholesale power from the Federal Columbia River Power System to meet their needs. At the same time, they fund most of BPA’s operations. Unlike other Federal agencies, BPA is self-funding and passes all of its costs to its customers through the rates it charges for products and services. The preference customers are the largest single bloc of purchasers of the Federal power sold by BPA, and therefore serve as the largest funder of BPA’s costs, funding nearly 70 percent of the agency’s total costs.

And while our members are all “customers” of BPA, they differ significantly from the customers of other participants in the RA program. Each PPC member is responsible for serving their end use customers and takes on their own obligations to do so. As consumer-owned utilities, each has their own community-led business model, and their own unique interests in how this RA program will affect them and the communities they serve.

Members of PPC will fill several roles in the RA program as currently proposed and under BPA’s interpretation of its power contracts: 1) those that are Load Responsible Entities (LREs) and are directly participating in the RA program, 2) those that are LREs and are not participating in the RA program, and 3) those that are not LREs. Those that are actively participating in the WRAP design are well represented in the current governance structure and, if they continue to participate in the program through the binding phase as currently proposed, they will be represented on the RAPC, the PRC and the Nominating Committee.

The second group, those that are LREs but are not currently participating, are currently not represented anywhere in the proposed governance structure. Many of these utilities are not participating because they are small and cannot afford the cost of participation at this time. For others, they have not had the same opportunity to gain information about the program and understand the potential impacts as those entities that have been participating in program design to date. These utilities are finding it challenging to make a relatively costly investment to participate in the program at this time. They may eventually decide to participate in the program but are not prepared to do so without additional information. In either case, while these utilities are not currently participating in the program, they will not be shielded from impacts of the program. The RA program design will influence regional power markets as well as the use of the transmission system. Particularly in the case of some of the smaller entities that fall into this category, other utilities participating in the program are not well positioned to represent their interests.

The last group, those that are not LREs, do not have direct representation in the governance as currently proposed. The load of these utilities will be brought into the program (or not) based on BPA’s decision to participate. With their load participating in the program, these utilities need a seat at the table to represent their interests. These utilities are uniquely situated and have reliability and affordability responsibilities to their own end use customers. Under the current proposed structure, these utilities would have no choice about their participation in the program

and would also have no opportunity to appoint their own representation. While BPA may hold a seat on the RAPC, it is not clear whose interests the agency will represent there nor has any process been established for these utilities to provide input to BPA on the program design on an ongoing basis. Even if a process has been designed, it is more appropriate for the interests of these utilities to be represented in the governance design, separate from that of BPA. As stated above, our member utilities have their own community-led interests in the outcomes of this RA program, and they should have the opportunity to appoint their own representative to advocate for those interests.

Both of these issues are easily addressed through small changes to the Program Review and Nominating Committees. Language could be added to ensure that these diverse perspectives of public power will be reflected on both the Program Review and Nominating Committees. To the extent that none of the existing COU representatives on these committees sufficiently represent all three of these different groups and their diverse perspectives as laid out above, an additional representative should be added on an ongoing, but interim basis, to account for these viewpoints. We believe this is appropriate and warranted, considering the unique structure of the relationship between Bonneville and its preference customers, as well as the magnitude of the total end use customer demand served by this otherwise under-represented group. These additions will complement the thoughtful design set forth by NWPP, supplementing the current design with additional representatives only as necessary to ensure that those utilities that are impacted by the program are represented in the governance structure. In particular such changes to the Nominating Committee will be crucial to ensure that the independent board is truly independent and representative of the interests of all stakeholders, not just the interests of those that have the opportunity to directly participate in the program.

Importance of Public Role and Publicly Available Information

PPC would like to acknowledge several aspects of the proposed program that offer access to the public and will help ensure fair, informed, and inclusive program design and operation. First, the proposal for committees to have open meetings is very important. PPC supports this perspective and continues to encourage the NWPP to maintain open meetings on these issues to the extent possible. Second, the ability for any stakeholder to appeal decisions of the RAPC to the independent board is an important feature for ensuring an open and inclusive program. Lastly, it will be important that the NWPP commits to making as much information and data available as possible as it is collected during Phase 3A of the program. We understand that there will be some limitations to this based on commercially sensitive information. This limitation will also be important as allowing exposure of commercially sensitive information would deter participation in the program. If utilities are not able to protect commercially sensitive information, then they will not participate. Balancing these two interests is critical and to the extent this information can be aggregated or repackaged to protect commercially sensitive information of participants we would encourage the NWPP to do so and make this aggregated data public.

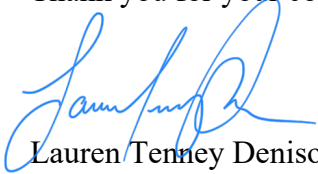
Conclusion

PPC appreciates the opportunity to comment on the development of the WRAP. The development of such a large regional program is no easy lift and we appreciate the work done to date by those participating in program design. The next phase of this program is an important one where experience will allow continued refinement, membership opportunities are expanded across the west, and there will be more formal incorporation of stakeholders into the program governance.

PPC would also like to note that we are continuing to work with BPA on a number of outstanding issues that many of our members will need to understand in advance of Phase 3B. We acknowledge these questions are separate from the process run by the NWPP; however, we note the importance of these questions as they will impact the business case for participation in the proposed RA program for many of our members.

As has been the case throughout this process, information from both BPA and the NWPP has and will be important for our members to evaluate the proposed program. The ability to directly interact with the NWPP and have questions answered through webinars, papers, and direct outreach has been crucial. Again, this is why our members must have a seat at the table to discuss the future of this program.

Thank you for your consideration of these comments.



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