

Submitted electronically

November 19, 2021

Members of the Northwest Power and Conservation Council
851 SW 6th Ave #1100
Portland, OR 97204

RE: Public Power Council Comments on Draft 2021 Northwest Power Plan

Overview

The Public Power Council (PPC) appreciates this opportunity to provide comment on the Northwest Power and Conservation Council (NWPCC) Draft 2021 Northwest Power Plan (Draft Plan). PPC is a trade association representing the interests of the non-profit, preference customers of the Bonneville Power Administration (BPA). PPC's diverse membership spans the full range public power cooperatives, municipals, and utility districts across the region – from small to large and rural to urban.

While diverse, PPC's members share a common interest in relying on BPA for a reliable, economic, and environmentally responsible power supply for the communities and businesses they serve at cost. Preference power customers also share common responsibility for substantially all the costs of BPA's operations – including the full budget of the NWPCC.

For these reasons, public power is uniquely affected by the NWPCC power planning process and uniquely situated to provide feedback on the Draft Plan. Indeed, PPC has been actively engaged in the development of the Draft Plan, including submission of previous comments in February 2020 and June 2021.

By the time the final plan is adopted, the process will have spanned approximately six years at a cost of well over \$30 million. We look forward to working closely with NWPCC members and staff to ensure the that final 2021 Power Plan provides valuable analysis and insights for the region.

At a high level, PPC would like to emphasize the following considerations for the Draft Plan:

- The NWPCC's role is to serve as a regional planning and advisory committee, while utilities and BPA are the implementors with the final responsibility for actual resource decisions.
- Utilities are differently situated across many parameters and must have flexibility to meet their resource needs based on those differences.
- Power planning is inherently uncertain.
- An energy efficiency target range is appropriate and appreciated by utilities.
- Energy efficiency savings should be achieved by whatever channel is most effective and counted equally.
- Acknowledgement of the value of existing hydro resources to system reliability and carbon goals is appropriate.
- PPC is deeply concerned regarding the Draft resource adequacy modeling in the Draft Plan.
- Based on these substantive concerns, the NWPCC should withdraw its resource adequacy conclusions from the final plan and issue an update when there is stakeholder consensus on the results.

These considerations are developed in more detail through the course of these comments.

Role of NWPCC Power Planning

A power plan with thoughtful recommendations supported by thorough and well-vetted analysis will provide the most value to public power, BPA, and the region as a whole. Further, recommendations must acknowledge the diversity of utilities in the region as well as the inherent uncertainty of the power planning process.

The NWPCC's mandate is for planning, analysis, and recommendations. BPA and utilities are the decision makers and implementors for final resource decisions. Further, public power utilities fully subscribe the firm output of the federal system, including responsibility for funding the operation of the NWPCC and all of BPA's power resource acquisitions, including energy efficiency. Simply put, there are not "BPA" or "NWPCC" funds – there are only ratepayer dollars provided by public power utilities and their customers. All benefits, costs, and risks of BPA's resource acquisitions accrue to public power customers, which are in turn non-profit organizations that are responsive to their communities and customer preferences via local representative governance.

Due to these distinct mandates and roles for planning and implementation, BPA's energy efficiency program (or other resource acquisition) will ultimately be based on the Administrator's balancing of multiple statutory directives. This will continue to be supported by BPA's own Resource Program analysis. Similarly, public power utilities will implement their own energy efficiency programs consistent with local needs and priorities.

Recommendations and analysis in the plan should also be informed by the inherent uncertainty of the future. Overly prescriptive recommendations that rely heavily on assumptions of a particular technological or market outcome are problematic. Even within a few years, expectations and results can vary substantially. For example, natural gas prices and the costs of new renewable resources in the 7th Power Plan have proven dramatically incorrect.

Utilities across the region are also situated differently across a number of key parameters that may impact their needs and abilities to acquire certain types of resources. For example, a rural utility that is long in its power supply may have dramatically different energy efficiency program needs and options than an urban utility with a substantial resource deficit.

Energy Efficiency

As described in the Draft Plan, energy efficiency has been a substantial part of the resource strategy for BPA, public power utilities, and the region overall. Public power has demonstrated an ongoing commitment to pursuing cost effective energy efficiency, including over \$112 million per year in funding in current BPA rates. This is before consideration of utilities' own departments and programs. Over time, this commitment has resulted in substantial energy savings.

PPC appreciates the Draft Plan recommending a range of energy efficiency acquisition targets. In general, a range is helpful to reflect uncertainty in the power planning process. PPC remains concerned, however, that particularly the higher end of the recommended range may be difficult to tie back to quantitative analysis of cost effectiveness in the power planning scenarios.

While PPC appreciates clear recommendations for BPA resource acquisitions, ultimately, decisions on precise amounts and channels for energy efficiency acquisitions must be made by BPA and utilities.

As described above, power planning is inherently uncertain and therefore BPA and utilities need to be flexible in their resource acquisition strategies based on changing conditions through time. To the extent the region's EE acquisitions differ from the 2021 Power Plan's expectations, this can spark productive conversations about why a deviation occurred, what impact that deviation might have, and what, if any, course changes are warranted.

Further, energy efficiency resources should be acquired from the most effective channels available, including momentum savings, market transformation and programmatic savings. Savings should be counted and recognized regardless of source.

As a technical matter, PPC would appreciate being able to obtain detailed workpapers and documentation for the information presented in the "Background on Energy Efficiency in the Northwest" section on page 5-28 of the Draft Plan.

Resource Adequacy

PPC is deeply concerned with the resource adequacy analysis and conclusions presented in the Draft Plan. This concern is primarily rooted in the implementation of the newly redeveloped GENESYS model. Resource adequacy is a crucial issue to the region and PPC believes that conclusions supported with insufficiently vetted analysis may do more harm than good.

The new GENESYS model has substantial potential but needs more review and vetting before it is ready to support firm conclusions. PPC recommends as a first step extensively benchmarking the model using actual historical conditions to test the logic and capability before moving to more uncertain future scenarios. Given that low water conditions will be most critical, PPC recommends a focus for benchmarking those.

For the final 2021 Power Plan, PPC recommends removing all conclusions about resource adequacy, especially that additional dispatchable capacity resources may not be required to maintain adequacy in the coming years. When adequate benchmarking has been completed to build regional confidence the NWPCC should release additional analysis.

There are major substantive issues with the functioning of the new GENESYS that support this approach. These include, but may not be limited to, unrealistic hydro operating assumptions, potentially inadequate variability in load and hydro supply combinations, and aggressive assumptions about low-cost import availability from outside the region. PPC additionally refers the NWPCC Members to the comments of the

Pacific Northwest Utilities Conference Committee and Public Generating Pool for additional technical discussion of these and other issues.

In the last several years, the Northwest – and WECC more broadly – have experienced tightening supply, narrow operating margins, and associated increases in price levels and volatility. These fundamental trends are not simply going to disappear with increased renewable buildout in the next several years and are not being appropriately reflected by the new GENESYS model.

Value of Hydropower and Existing Dispatchable Capacity

PPC supports the Draft Plan's acknowledgement of the importance of regional hydro assets in the region's low carbon portfolio. Hydropower is critical in providing clean energy, capacity, and flexibility to the regional grid. The Federal Columbia River Power System (FCRPS) is the backbone of the regional grid and the resource that allows us to have the lowest carbon emissions in the nation. Degradation of FCRPS capability endangers the economics and reliability of the system while also undermining clean energy goals.

As additional thermal resources retire as a matter of economics or policy, the importance of hydro assets will only grow. This is particularly true for their ability to flexibly meet peak demands and integrate other renewable resources.

Conclusion

The NWPCC power planning process can provide valuable insights to public power utilities, BPA, and the region. The highest value can be achieved through utilities, BPA and the NWPCC working collaboratively as partners towards the common goal of an affordable, reliable, and environmentally responsible power supply.

Thank you for your consideration of these comments.

Sincerely,



Scott Simms
Executive Director
Public Power Council