



TO: Commissioners McRae, Barofsky, Schlossberg, Brown, and Carlson

FROM: Brian Booth, Chief Energy Resources Officer; Megan Capper, Energy Resources Manager; Ben Ulrich, Lead Energy Resource Analyst; Aaron Bush, Senior Energy Resource Analyst

DATE: October 8, 2024

SUBJECT: Qualitative considerations for the BPA product decision

OBJECTIVE: Information and discussion

Issue

As a public utility, EWEB is fortunate to have affordable access to federally generated power through the Bonneville Power Administration (BPA). EWEB must select a BPA product for its next contract by June 2025. To support this decision, EWEB staff are preparing an Energy Resource Study (ERS) that will compare the available BPA products offered in the next “Provider of Choice” contract. In addition to conducting quantitative analysis focused on economics, staff are also compiling qualitative factors and tools to assist with the product decision. Staff have prepared materials to aid the commissioners in discussing the qualitative factors most relevant to the BPA product choice.

Background

BPA is planning to offer four base products in the Provider of Choice post 2028 contracts. A summary of these products was provided at the July 9, 2024, Board meeting. The products are:

- Slice/Block
- Block Only
- Block with Shaping (and optional Peak Load Variance Service)
- Load Following

Staff are preparing a scenario-based financial analysis (“quantitative analysis”), which compares portfolios containing sets of BPA products and supplemental resources. This quantitative analysis is the core of the Energy Resource Study. In addition, staff have worked with the

Executive Steering Committee (ESC) to develop, organize and summarize qualitative considerations which will be useful for making the BPA product selection.

Community Table Update

In addition to preparing qualitative consideration materials for the Board, staff held the first session of the “**Community Table**” on Friday October 4th. The Community Table is a focus group of representatives spanning a cross-section of the community to collect multiple viewpoints. The goal of the first session was to have stakeholders learn about EWEB’s power portfolio and provide feedback about future energy choices.

Representatives from the following organizations were invited to participate in the community table and many attended the first session:

350 Eugene, Asian Council of Oregon, Beyond Toxics, Breach Collective, Centro Latino Americano, Community Alliance of Lane County, Emerald Valley Electric Vehicle Association, Eugene Area Chamber of Commerce, City of Eugene, Homes for Good, International Paper, Lane County, Lane Small Business Development Center, Lane Transit District, Looking Glass Community Services, Rental Owners Association of Lane County, NAACP of Lane County, Oregon Just Transition Alliance, PakTech, Sierra Pacific, Springfield Eugene Tenant Association, St. Vincent de Paul, Thermo Fisher Scientific, University of Oregon

During the first session of the Community Table, EWEB staff provided a summary of the EWEB’s current energy supply planning efforts, then guided the Community Table through an exercise in which participants discussed the tradeoffs between competing community priorities. Staff will follow up with a summary of the feedback gathered from the community table session with commissioners. The next community table session is expected to take place in December or January.

Discussion

In collaboration with the ESC, staff have prepared materials to identify qualitative considerations which are most important for EWEB. The considerations align with core EWEB values like safety, reliability, affordability, the environment, and community/culture. The intent of this work is to understand the extent to which a BPA product decision may impact those values. Generally, staff find that all BPA products provide good low-cost resource options, with low-carbon profiles, and no differences in reliability or safety. While all products are considered

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low-cost options, there may be differences among the products in terms of total cost, which will be covered in quantitative analysis shared with the Board in December. However, assuming no obvious choice based on affordability alone, staff believe qualitative factors and EWEB's strategic vision will ultimately influence EWEB's BPA product choice.

In discussions with the ESC, staff found that the key factors to consider in the BPA product options have more to do with EWEB's *ability* to meet our values or policy goals in the future. These **key factors** can either enhance or hinder EWEB's abilities to meet future objectives.

For example, staff have identified "flexibility" as a key factor to consider in the BPA product choice. Within the context of this choice, flexibility means: EWEB's ability to change direction (programs, portfolio, BPA product, operations) given new circumstances or information. During the work session, staff will present each BPA product's impact on flexibility for EWEB in the future to illustrate differences among products. As commissioners consider the examples presented by staff, we will ask that they discuss how each BPA product may enhance or hinder flexibility in the future.

To help commissioners prepare for the upcoming discussion, staff have prepared a summary of EWEB's values and policies most relevant to the BPA product choice, as well as a shortened list of what staff believe are some of the key factors to consider when comparing BPA product options (Appendix A). Key factors presented to the Board at the work session will include: Flexibility, Portfolio Cost Risk, Local Resource Development, Local Control, and EWEB Programs/Incentives.

Recommendation & Requested Board Action

Staff are not seeking formal action or direction at this time. Instead, the information is provided to continue identifying the trade-offs among BPA products and facilitate discussion among commissioners. Commissioners should review the summary of key qualitative factors and be prepared to discuss their reactions to the materials presented.

Appendix A: Key Qualitative Factors

Relevant Values or Policies

Value/Policy	Relationship to BPA Product Choice	BPA Product Choice Impact
Safety/Reliability	Grid safety and reliability, meaning the ability to provide continuous, reliable electric service to EWEB's entire service territory in a safe manner.	No differences between products.
Affordability	Total average portfolio cost, and resultant energy cost burden, on EWEB's customer group as a whole.	Moderate differences between products, which will be covered in quantitative analysis.
Environmental (Carbon)	Ability to meet EWEB's Climate Change Policy (SD15): 95% carbon-free by 2030, and Oregon's Renewable Portfolio Standards.	Minimal differences between products.
Community (Equity)	Impact to different communities/people in EWEB's service territory, and Diversity, Equity, and Inclusion Policy (SD23)	Minimal differences between products. Local control, local resource development may differ.
Resiliency	Ability to reduce the likelihood, magnitude, and duration of sudden or gradual disruptive events through risk mitigation, emergency preparedness and response, and recovery strategies. Also, ability/incentive to invest in facilities to improve site-specific resiliency.	Minimal differences between products. Local resource development, EWEB programs may differ.

Key Factors Impacting Ability to Meet Values or Policies

Key Factors	Relationship to BPA Product Choice	Impact on Values/Policies
Flexibility	EWEB's ability to change direction (programs, portfolio, BPA product, operations) given new circumstances/information.	Impacts all goals/values
Portfolio Cost Risk	Within-year portfolio and load service cost risk/variability.	Impacts affordability
Local Resource Development	Ability/incentive to invest in local resources (batteries, demand response, peaking, community solar).	Impacts community, resiliency
Local Control	The ability to affect change to our portfolio, costs or risk through EWEB actions, to better align with the interests and needs of EWEB's customers.	Impacts all – but less defined/clear
EWEB Programs/Incentives	Ability to respond to, or incentivize, customer interests and investments through the development of programs/incentives (EE, DR etc.) and customer specific contracts.	Impacts equity, potentially affordability and reliability.