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Department of Ecology
Climate Pollution Reduction Program
via Public Comment Form

Re: April 17, 2025, Cap-and-Invest: No-cost allocation for electric utilities Workshop

Thank you for hosting, recording and posting the workshop on the no-cost allocations for electric utilities on April 17th. As requested in that meeting, this letter provides comments for Ecology's consideration. The following comments are in general order of the presentation.

As way of background information, Big Bend Electric Cooperative (BBEC) is a small, rural utility in eastern Washington providing electrical service to farmers, ranchers and homes in the mainly non-urban areas of Adams and Franklin counties. We serve approximately 11,000 meters over 2,500 square miles with fewer than 50 employees. Until recent load growth in our service territory exceeded our Tier 1 BPA allocation, we purchased all our wholesale power from BPA. Now we are exploring the best, low to no-carbon options for electric generation. However, this is not a simple process for small utilities with "small" amounts of need. Additionally, this task is not able to be completed quickly.

2026 Vintage Allocation

We appreciate the explanation of the WAC 173-446-230(2)(d)(v) in regard to the annual updates of the BPA emissions factor. As a majority of our wholesale power purchases are from BPA and our utility has no control over BPA's resource mix, having no-cost allowances that cover our wholesales purchases of BPA power and the ensuing emissions is critical.

Forecast Deadline

We support the workshop suggestion made by another utility to move the forecast update deadline from July 30th to "a little later". We would like to suggest August 31st for a couple of reasons. First, this would align with BPA's current forecast process timeline and secondly with Commerce's bi-annual deadline of August 31st deadline for the WA Resource Plan.

Load Forecast Background and "Gaming" Discussion

We would like to insert some background information on the load forecast process to address the previous comment more fully and Slide 38's third bullet point – *"Continue to reserve Ecology right to adjust allocation in case of purposeful "gaming" of forecasts"*. This was addressed verbally and in the chat by several participants and responded to by Camille Sultana. Although, ultimately, Camille apologized for "the too strong language, and inappropriate language", it is our opinion that Ecology does not have a full understanding of the load forecast process, including the proper regulatory governance of the load forecast.

As a participant in the meeting pointed out in the meeting, the Climate Commitment Act specifically recognizes the appropriate governing body (UTC, Board of Commissioners, Board of Directors, etc.) in the approval of load and resource forecasts. Additionally, I would like to add that BPA has extensive control over the load forecasts for those utilities who hold contracts with BPA. This is because that once BPA has accepted a load forecast from a utility, BPA is statutorily obligated to serve that load – including any load variance for those holding a load following contract. These 'Approved Forecasts' are found on BPA's public

website for each BPA Rate Period. As of the date of this letter, those load forecasts are considered fixed through September 30, 2028. Also, any planned amounts of BPA purchases (Tier 1 and Tier 2) are fixed throughout the same time period. This means that any fixed Tier 2 BPA purchases and allowed Tier 1 BPA amount is forecasted to be served by BPA's system. Additionally, for most utilities, any forecast deviation will be also by served by BPA. This is one of the reasons why BPA also approves a utility's load forecast – or in some cases, BPA is the one who creates the load forecast.

To provide even more detailed information, we would like to expand on some of the implications for an incorrect load forecast. If the forecast deviation is negative, or actual loads are lower than forecasted, our utility in effect has “relinquished” our ability to purchase the lowest possible wholesale power. This is because all “Tier 2” resources (BPA and other non-federal power purchases or owned generation) are considered to be “used” first. The Tier 1 allocation and the “load following” wholesale resource are “used” second. This has a negative effect on the affordability aspect for our members.

Conversely, if the forecast deviation is positive in the above example, the utility is paying BPA Tier 2 costs for the additional wholesale power. These wholesale power costs, and possibly the carbon attributes, could be higher than another resource choice a utility may otherwise choose. This also can have a negative effect on the affordability for our members and on the regulatory compliance obligations both with CCA and CETA.

With all of the above noted, we would like to share that due to the large amount of irrigation in our service area, Big Bend Electric has *historically* seen forecast deviations of +/- 5% year over year simply due to hot and dry weather followed by mild and wet weather the next year.

During the workshop, Camille acknowledges that the public availability of forecasts is used in the determination of no-cost allowances. We would encourage Ecology to continue to use this information as it is the best information and, as noted above, well-vetted information. Additionally, Ecology should be considered those load forecasts to be fully regulated in the eyes of Washington State laws (i.e. not “gamed”). We suggest that +/- 5% forecast deviation be considered within “normal” and any other deviations could require a utility explanation. The larger deviations should not be viewed as “gaming” for no-cost allowances. To be frank, there are much larger costs to the utility for missing a load forecast mark than the value of carbon allowances.

Administrative Cost Allocations

On slide 44, the administrative cost allowances for the first compliance period are proposed to be 2027 vintage. We suggest that those allowances be a 2026 vintage – or vintage-less – in order to allow for their possible use for obligations in the first compliance period. We acknowledge that the administrative allowances are meant to cover the staff time spent on this program and not the emissions or obligations. However, we believe that it would be appropriate to have all the costs of a compliance period to be attributable to that compliance period. We look forward to participating in the future discussions on the calculation of method for these administrative costs.

Respectfully,



Christina Wyatt, Manager of Power Supply