

**Eugene Water & Electric Board**  
**Comments to BPA in Response to BPA's October 11, EIM Stakeholder Meeting**  
**October 23, 2018**

EWEB is a BPA Slice/Block power customer and an NT/PTP transmission customer. We are Oregon's largest publically-owned electric utility. We serve about 95,000 customers and our load is about 280aMW. We own or purchase a little over 80 aMW of non-federal generation from wind, thermal, and hydro resources.

We provide the following comments as a part of BPA's EIM Stakeholder process.

***We support BPA's effort to modernize its systems and processes. We understand BPA's interest to analyze the option to join the Energy Imbalance Market (EIM) as they look for cost efficiencies and revenue opportunities.***

EWEB is supportive of the changes BPA is making to modernize assets and system operations. We agree that the Grid Modernization effort should be an organizational priority moving forward. Such modernization is critical for BPA and its customers to keep pace in a rapidly changing environment, and should provide operational benefits whether or not BPA chooses to join the EIM.

We also appreciate BPA's willingness to look at different organized market and product options in an effort to gain efficiencies and improve its financial outlook. EIM participation is expanding, and we believe it is in BPA and its customers' best interest to evaluate the opportunity.

***We urge BPA to evaluate and consider its long-term interests in its evaluation of the EIM and only join the EIM if these interests will be met.***

While we are supportive of BPA looking at the value proposition of the EIM, we also believe that fundamental market design and philosophy is important to consider before committing to join. In particular, consideration should be given to what the market may evolve to, as we have witnessed in other markets that energy imbalance markets are transitional, and tend to evolve into day-ahead markets, before finally transitioning into full Regional Transmission Organizations (RTOs). Further, we believe that there be many higher value market opportunities available to BPA. While these opportunities may not be mutually exclusive to participation in the EIM, we do not want the focus of BPA's internal resources limited and encourage the evaluation of other market opportunities.

For these reasons, we encourage BPA to evaluate the EIM relative to other opportunities, and to consider the potential evolution of the market relative to the interests outlined in the "NW Public Power Interests for Markets" (see below), prior to signing an Implementation

Agreement. We understand the EIM represents a small portion of the market trades at this point. However, we believe this market will evolve, and that Bonneville is in the best position to influence market evolution prior to the signing of an EIM Implementation Agreement.

**NW Public Power Interests for Markets of September 3, 2018**

- Independent, Representative Governance
- Resource Adequacy and Resource Sufficiency Requirements Provide for Reliability and Equity
- Transmission Owners Can Meet Existing and Future Load Service Obligations at Reasonable Cost
- Market Power Mitigation recognizes the unique situation of hydropower
- Fair Compensation for Services and Transparent Price Formation
- Respects Existing Laws, Statutory Obligations, Regulations, and Local Regulatory Authorities

***We encourage BPA to provide customers with a comprehensive view of the operational and economic impacts of joining the EIM.***

There are business impacts to customers based on BPA's decisions. As BPA considers the EIM, we encourage staff to work with customers to understand the following:

- What forum decisions will be made in; e.g., BPA's transmission tariff, Rate Case proceedings, or business practices?
- How are BPA's existing power and transmission products and services impacted under EIM?
- What are the daily operational processes and economic impacts to EWEB, and what preparation is needed by EWEB prior to BPA entering the EIM?

***We support BPA's transmission recommendation to use donated transmission in the EIM.***

In the October 11<sup>th</sup> meeting BPA discussed its recommendation for the use of donated transmission when bidding into the EIM. We see the potential for a 0 priority NX transmission product to negatively impact EWEB's existing transmission rights, and we appreciate the work that went into this decision.

***We support BPA's recommendation to participate under three aggregation points***

At the same October 11<sup>th</sup> meeting, BPA outlined its generation participation options and recommended that Power Services would bid into the EIM at three distinct aggregation points. We support this recommendation and suggest, if BPA joins the EIM, they continue to monitor the performance of the three aggregation points to determine if changes need to be made.