



Energizing Life in Our Communities

Comments of Public Utility District No. 1 of Snohomish County
In Response to Bonneville Power Administration's
February 25, 2020
BP-22/TC-22/EIM Phase III Workshop
Submitted March 26, 2020

Public Utility District No. 1 of Snohomish County ("Snohomish") appreciates the opportunity to comment on the Bonneville Power Administration's ("BPA's") BP-22/TC-22/EIM Phase III process. Snohomish delayed commenting on the February 25, 2020 workshop so that our comments could be further informed by the discussion at the March 11, 2020 customer-led workshop. Snohomish found that additional discussion helpful in furthering our understanding and in developing these comments. Snohomish recognizes the hard work and thoughtful consideration that BPA staff puts into developing the presentations and thanks BPA for its engagement with customers in both BPA-led and customer-led workshops and through customer-group discussions throughout this stakeholder process.

EIM Charge Code Allocation

At the February 25 workshop, BPA presented four general approaches to allocating EIM Entity Scheduling Coordinator (EESC) charge codes. Snohomish generally supports rate making based on cost causation, including giving consideration as to how or if prudent scheduling of loads and resources should be incentivized. With respect to how many charge codes should be sub-allocated, cost causation principles must be weighed against feasibility and administrative burden. To this end, a phased-in approach to charge code sub-allocation may be most appropriate as a first cut. In the instance that BPA decides to sub-allocate some charge codes, it should prioritize codes over which customers can exert some control.

Snohomish appreciates BPA's desire to know customers' thoughts as to whether to directly sub-allocate charge codes or incorporate them into rates. The ability to provide comment on this is difficult given limited details about how each option would be implemented. We understand that even for any charge codes that are not directly sub-allocated, BPA must have a methodology to recover all costs and distribute all benefits. There are different mechanisms to achieve this, and it is possible to do so reasonably consistent with cost causation and proper incentivization.

BPA has noted the relationship between CAISO's Uninstructed Imbalance Energy (UIE) and Instructed Imbalance Energy (IIE) charge codes and BPA's existing Energy Imbalance (EI) and Generation Imbalance (GI) rates. Snohomish is of the impression that not all of BPA customers

are currently subjected to EI charges and credits for their loads or resources. If BPA chooses a methodology to recover the UIE/IIIE charges and revenues consistent with cost causation, this methodology should apply equitably to all customers who can cause UIE/IIIE charges and revenues for the BPA as the EIM Entity. Snohomish also encourages BPA to consider adjusting its EI and GI rates to more closely align with EIM. Approaches could include establishing a rate based on the LAP or LMP as appropriate, eliminating the EI and GI bands, and/or aligning the bands with the EIM over- and under-scheduling penalties.

Generation Inputs (Gen Inputs) & VERBs Election

Snohomish seeks clarification with respect to BPA's VERBS scheduling elections for BP-22. BPA has suggested that the 30/60 Committed and 30/15 Committed options will not work under EIM timelines. Does BPA anticipate it will offer alternative scheduling options that will work with EIM, or will wind and solar resources' default be Uncommitted? Is BPA planning to discuss this topic at a future workshop?

Resource Sufficiency

Balancing Test

Snohomish thanks BPA for its presentation of options as to how it should balance the BPA Balancing Authority Area (BAA) in the EIM, in light of the EIM balancing test. Snohomish believes that in general, the BPA BAA should continue to balance to its best available load forecast. Which forecast is "best" is not clear at this time, and could change over time, seasonally, etc. Ideally, CAISO, BPA, and load serving entities (LSEs) within BPA's BAA could work together to ensure load forecasts are reasonably well aligned. BPA should encourage CAISO to develop its load forecast for the BPA BAA early in the implementation process, so BPA and its customers can verify its accuracy.

Of the alternatives presented, Alternative 2 appears to be a reasonable approach. It would allow BPA to gather information and inform its own forecast, and provide feedback to CAISO. AS an LSE within the BPA BAA, Snohomish currently provides its load forecast to BPA Transmission Services each hour at T-25. Snohomish is open to providing its load forecast to BPA Transmission at a different time in support of minimizing EIM costs for the BPA BAA, recognizing that submitting an earlier forecast will be less accurate.

There does not appear to be sufficient incremental benefits to allocate a share of the CAISO load forecast to individual customers to justify moving forward with Alternative 3 at this time. If the CAISO forecast is at a BAA level, it is not clear how BPA would sub-allocate that forecast among its diverse LSE customers who have different hourly and seasonal load patterns. It is also

not clear whether a share of the CAISO forecast would be useful information for customers. Snohomish also seeks to clarify that if BPA were to move forward with Alternative 3, there should not be a requirement that Customers adjust schedules to meet their allocation of the CAISO forecast. Alternative 3 should be a low priority at the outset given the expected implementation challenges BPA will face in joining the EIM.

Capacity Test and Flexible Ramp Sufficiency Test

Snohomish appreciates BPA staff's analysis to show the expected probability of passing the Flex Ramp Sufficiency Test (FRST) at different bid-in capacity levels. Snohomish supports that BPA not establish a specific target for passing these tests. It is not clear how BPA would prioritize passing tests against other competing interests, and it is possible that setting a target could unnecessarily bind BPA to specific bidding behavior that is not in BPA's overall best interest. The consequences of failing the FRST in any given interval are relatively minor; access to EIM would be limited, which would make BPA no worse off than today with no access to the EIM. Establishing a target adds unnecessary complexity, especially at the outset of BPA joining the EIM.

That said, BPA should make best efforts to pass the FRST and the Capacity Test. As part of such efforts, Snohomish recommends that BPA monitor test performance, including tracking instances of test failure, estimating lost benefits as a direct result of any test failure, and identifying causes to determine whether improvements can be made.

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Snohomish PUD thanks BPA staff for their thorough preparation for the February 25 and March 11 workshops and looks forward to continuing its engagement in the BP-22/TC-22/EIM Phase III process.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Adam Cornelius', written in a cursive style.

Adam Cornelius
Senior Utility Analyst