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**Comments of the Western Power Trading Forum (WPTF) on Bonneville Power Administration's (BPA's) February 25, 2020 TC-22, BP-22, Energy Imbalance Market (EIM) Phase 3 Workshop**

*Submitted March 10, 2020*

WPTF appreciates the opportunity to comment on the BPA February 25, 2020 stakeholder meeting to discuss BPA's TC-22, BP-22, and EIM Phase 3 policy. WPTF is a California nonprofit, public benefit corporation. It is a broad-based membership organization dedicated to enhancing competition in Western electric markets, while maintaining the current high level of system reliability. The membership of WPTF includes generators, power marketers, energy service providers, financial institutions, energy consultants, and utilities. WPTF's membership actively participates in electric power markets in the West and across the country.

WPTF supports competitive power markets and has long advocated for the development of new markets, such as the EIM in the West. WPTF appreciates that BPA is conducting various workshops and meetings to discuss various elements of BPA's anticipated EIM participation.

The February 25, 2020 workshop included discussion of potential methods for EIM code allocation to customers, ranging from a "no sub-allocation" approach to a "sub-allocation past existing models" approach. These comments focus on the need to ensure that costs are allocated roughly commensurate with cost causation and the potential adverse consequences of not allocating any charge codes, including generator and energy imbalance service costs, to individual customers.

**EIM Charge Code Allocation Should be Based on Cost Causation**

Based on the discussion that occurred at the February 25<sup>th</sup> meeting, WPTF understands that BPA is leaning towards either "no sub-allocation" or a "BPA-designed partial sub-allocation" model for allocating EIM charge codes to customers. BPA appears most interested in these methodologies because of the lower administrative burden for BPA and customers.

However, BPA should also consider the costs and negative consequences that may be associated with these limited or no allocation approaches. The costs and creation of perverse incentives may be significant and should not be overlooked. In particular, under the "no sub-allocation" approach, it appears that individual customers would not be billed for their imbalance energy costs at EIM prices (and it remains unclear exactly how imbalances would be settled). This approach would be highly problematic and could reduce (or eliminate) incentives for customers to accurately schedule inside of the BPA BAA. Not directly allocating energy and generator imbalance charges and instead spreading those costs out over all customers could actually severely hamper BPA's EIM-related benefits and lead to increased imbalances across the BPA footprint. If individual customers do not bear substantial risk/benefit for their scheduling practices,



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they will not have an incentive to accurately schedule. Therefore, WPTF believes the “no sub-allocation” approach should be avoided and eliminated from consideration.

Going forward, rather than a narrow focus on reducing administrative burdens, BPA should also consider the benefits of allocating EIM charge codes roughly in line with cost causation. Additionally, as WPTF has stated in prior Phase 3 comments, there is benefit in consistency across the EIM footprint. This remains true for EIM charge code cost allocation, as many of BPA’s customers will face these costs not only in the BPA BAA, but also in other EIM Entity BAAs. Therefore, WPTF supports BPA further considering the “FERC Allocation Method” for allocation of EIM charge codes in BPA.

### **Conclusion**

WPTF appreciates the opportunity to provide BPA with comments on EIM charge code allocation. We look forward to additional discussion on this topic and hope that, going forward, BPA recognizes and fully considers the benefits of more direct cost allocation methods.