

Submitted via email to techforum@bpa.gov on April 24, 2019

RE: Comments in Response to April 10, 2019 BPA EIM Stakeholder Meeting

PPC appreciates the opportunity to comment on BPA's Energy Imbalance Market (EIM) stakeholder process and thanks the agency for its efforts to inform its customers on the anticipated impacts associated with its potential participation in the EIM. PPC has appreciated the collaborative approach BPA staff has taken to these discussions and looks forward to continuing that tone in future phases of BPA's EIM public process.

In response to the materials and discussion from the April 10, 2019 stakeholder meeting PPC offers the following comments.

EIM Decision Process

PPC supports the changes to BPA's EIM decision process shared on April 10. The changes provide additional transparency about when BPA will make its final decision on joining the EIM as well as how that decision will be communicated, and when and how customers will be able to comment prior to that decision.

The proposed addition of draft and final close out letters to the region in 2021 helps clarify when BPA will make its final determination of whether to participate in the EIM. PPC agrees that this is the appropriate time for the agency to make that determination, after the agency has fully explored how it will implement its participation, and after decisions are made regarding possible rate and tariff impacts (to be addressed in BP-22 and TC-22). Including a comment period in response to the 2021 draft letter to the region is also appropriate. Providing a formal opportunity for customers to comment on BPA's potential participation once the BP-22 and TC-22 discussions are complete, and the agency has clarified how customers will be impacted by the rate and tariff changes needed for BPA's participation, will provide for a more complete public process. Providing this opportunity for comment will allow customers to assess the full scope of BPA's participation. This timing also provides for another opportunity for BPA and its customers to communicate outside of *ex parte* limitations before BPA makes its final decision.

PPC and its members voiced concerns about the decision process as previously described and appreciate BPA's responsiveness to our request for additional transparency and a formal opportunity to comment after the BP-22 and TC-22 process.

In addition to the inclusion of the 2021 draft and final letters to the region, BPA further clarified what will be addressed in the July 2019 letter to the region which will be issued prior to the agency's decision on whether to sign an Implementation Agreement with the CAISO. This additional transparency is helpful in giving customers added certainty on what decisions BPA will be making prior to the issuing the Record of Decision on the Implementation Agreement. BPA clarified during this discussion, that it will include in the July 2019 letter to the region the

principles it will use to assess whether it will join the EIM. We understand these principles will then be used in the 2021 letter to the region to make the final decision on participation.

Given that BPA's principles will be used to make the decision on whether the agency will participate in the EIM, PPC would like to work with BPA to further review these principles. We had previously understood that the four principles BPA had established during this stakeholder process were limited in scope to assessing whether BPA would sign an Implementation Agreement with the CAISO. With the understanding that the scope of these principles will be more expansive, covering BPA's participation in the EIM more generally, PPC and its members would appreciate more discussion with BPA. *We would like to work with BPA prior to the July 2019 letter to the region to better understand how BPA plans to apply these and to explore potential changes to the principles given the intended scope.*

PPC also appreciates the inclusion of the "EIM Issues and Venues" matrix in the workshop materials. This is a helpful tool to help understand what issues will be addressed when and is another way that BPA is increasing transparency for its customers in this process. In this matrix BPA has indicated it plans to make "final" decisions on several issues in its July 2019 letter to the region. To ensure that customers understand BPA's positions on these issues, BPA should include a summary of these positions at its May stakeholder meeting. This would allow for additional discussion and clarification on BPA's positions, if any is needed, prior to the issuance of the July 2019 letter to the region.

We would also appreciate more information on BPA's intention to make "final" decisions on policy issues prior to TC-22, BP-22. This is a confusing designation because it is unusual for BPA to make "final" decisions outside of those processes for topics that will be addressed in those processes. BPA staff provided some examples of what some of these "final" decisions might look like at the April workshop, but additional clarification on all the issues planned to be finalized prior to TC-22 and BP-22 would be helpful.

Carbon in the EIM

PPC would like to have additional discussion on BPA's proposed treatment of carbon in the EIM before the agency makes its final determination on how it's resources will participate. For instance, we would like to better understand whether impacts on total secondary revenues were analyzed in support of this decision. A more thorough discussion on BPA's considerations in determining this approach would be helpful before BPA finalizes its position on this issue. In particular we would like to understand how significant policy changes, such as Oregon and/or Washington adopting carbon pricing or a cap and trade program, might impact BPA's preferred approach.

Cost Benefit Analysis

PPC looks forward to seeing BPA's updated cost benefit analysis on its participation on the EIM and appreciates BPA's openness to receiving feedback in response to its analysis. To the extent possible, customer feedback should be incorporated into the analysis before BPA issues its letter to the region in July.

We encourage BPA to continue to review and refresh this analysis on a regular basis. BPA should commit to a refresh of this analysis prior to issuing its 2021 letters to the region and making the final decision on whether to participate in the EIM.

Structured Scenarios

PPC appreciates the structured scenarios put together by BPA and believes these have been helpful in communicating some of the changes that customers will experience if BPA joins the EIM; however, there are still other scenarios that have not been discussed.

PPC requested several scenarios from BPA in its comments submitted on December 14, 2018. While BPA has addressed some of the topics from our comments, others have not been addressed. We understand that a structured scenario may not be required for each of these topic areas, but would like to see additional discussion on the following situations identified in our December comments:

- The BPA BA fails the resource sufficiency test
- BPA Power elects to remove its generation from participation in an hour
- BPA ends/pauses its participation as an EIM Entity
- Market power mitigation is triggered in the BPA BA
- Load or gen drops occur in the BPA BA

We had also identified several customer groups who have not been addressed in specific scenarios. We would also like to better understand impacts to those customer types, including:

- Those with behind the meter resources
- TCMS customers
- Transfer customers

In addition to these previously requested scenarios we would like to have more discussions with BPA to better understand:

- Whether and how BPA's role changes as a provider of Energy and Generation Imbalance?
- How will the level of capacity that BPA holds out for balancing reserves be impacted?
- What happens when BPA/CAISO issue curtailments?

We understand that some of these may be more appropriate to address individually with customers outside the structured scenario framework. We welcome alternative approaches to addressing these questions. If BPA is not prepared to address these issues now, we would like to better understand when these issues will be addressed and whether they are included under other issues identified in the issue matrix.

We look forward to continuing to work with BPA on its evaluation of EIM participation and appreciate this opportunity to comment on the stakeholder process.