



Western Power Trading Forum (WPTF)
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Comments of the Western Power Trading Forum (WPTF) on Bonneville Power Administration's (BPA's) June 23-24, 2020 TC-22, BP-22, Energy Imbalance Market (EIM) Phase 3 Workshop

Submitted July 8, 2020

WPTF appreciates the opportunity to comment on the June 23rd and 24th TC-22, BP-22, and EIM Phase 3 workshops. 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 workshops to discuss and review various elements of BPA's anticipated EIM participation.

The June workshops included discussions of transmission donation for the EIM, requirements for non-federal resource participation in the EIM, and, during the course of stakeholder discussions and questions, the topic of EIM code allocation to customers was revisited. WPTF offers these comments based on the presentation and stakeholder discussions. We look forward to continued participation in the BPA process of EIM policy development.

EIM Charge Code Allocation Should be Based on Cost Causation

WPTF appreciates BPA's evaluation of EIM charge code allocation and Powerex's presentation and perspective on EIM charge code allocation at an earlier customer-led workshop. During the June 23-24th workshops, BPA indicated it was "re-evaluating" EIM charge code allocation in light of the discussions at the stakeholder-led meeting. This seemed to imply BPA may be re-considering a "no-allocation" alternative for EIM charge code allocation. While there may be some potential benefits to not allocating EIM charge codes to individual customers, WPTF remains concerned that failure to allocate charge codes could result in a lack of proper incentives to customers and could incent behavior which increases BPA's overall EIM charges.

As WPTF stated in prior comments, BPA should thoroughly consider the potentially substantial costs and negative consequences that may be associated with limited or no sub-allocation approaches. In particular, under a "no sub-allocation" approach, it appears that individual customers may 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 and to seek to accurately schedule transactions wheeling through the BPA BAA prior to EIM scheduling timelines.

Comments on BPA EIM Stakeholder Meeting (Submitted on July 8, 2020)



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This could lead to significant EIM-related charges for BPA. 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, they will not have an incentive to accurately schedule. Therefore, BPA should not revert to the previously considered "no sub-allocation" approach and should instead focus on ensuring appropriate sub-allocation to individual customers and working with CAISO to evaluate modifications to charge codes that may provide any additional detail or granularity that BPA believes would be useful.

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 and urges BPA to give due weight to the potential implications of limited or no sub-allocation of EIM charge codes.

Need for Transparency in EIM Charge Codes & Their Allocation Upon EIM Implementation

Upon EIM implementation, BPA should provide its customers with full transparency in the EIM charge codes it receives from CAISO and how they are allocated to individual customers. This is an area where many other EIM Entities have not provided the needed transparency and customers in those BAA do not have visibility into the amount of charges allocated to the EIM Entity by CAISO and how those charges are allocated to customers. This lack of transparency is problematic and WPTF encourages BPA to commit to providing full transparency on EIM charge codes received and allocated once it joins the EIM. It will be critical for customers to be able to review EIM charge codes and their allocations in order to suggest improvements in future BPA rate cases.

Transmission Usage on the Network

WPTF generally supports the comments of the Northwest and Intermountain Power Producers Coalition (NIPPC) on network transmission usage, including supporting the proposal to allow customers to donate both firm and non-firm transmission for EIM Transfers. WPTF agrees with NIPPC that BPA staff should revisit loss-related provisions associated with EIM transmission donation as they may create a disincentive for customers to donate transmission to the EIM. BPA should consider alternative approaches to recovering loss obligations for transmission donated for EIM transfers.

Requirements for Participating & Non-Participating Resources

The proposal put forward at the June meetings, regarding requirements for EIM Participating and Non-Participating Resources appears to be generally consistent with CAISO's EIM tariff requirements and the implementation of the EIM by other EIM



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Entities. WPTF supports consistency across the EIM and, therefore, supports staff's proposal to use existing service agreements to facilitate EIM Participating Resource market participation and staff proposal to not-require transmission reservations for EIM Participating Resources. These proposals are consistent with the EIM policies that FERC has approved for CAISO and other EIM Entities. As stated in previous comments, requiring a transmission reservation for EIM dispatch would be in conflict with the EIM's reciprocity framework and could also create technical challenges.

Base Schedule Submission Timeline

WPTF appreciates that BPA is seeking to provide its customers with additional flexibility with respect to scheduling timelines upon EIM implementation. However, providing an additional seven minutes for schedule to customers (T-50 instead of the typical T-57) appears as though it could be problematic for a number of reasons, including those laid out by BPA. WPTF encourages BPA to hold further discussions with existing EIM Entities to determine whether a base schedule timeline of T-50 is actually feasible or not.

Additionally, WPTF requests that BPA clarify that, while Base Schedules may be due at T-57 (or T-50), customers will retain the ability to make e-Tag changes up to the WECC deadline of T-20 within the EIM. Schedule changes that are made between when Base Schedules become financially binding and the e-Tagging deadline will incur imbalance charges, but it is important to clarify that customers will retain the ability to make those schedule changes in the EIM.

Conclusion

WPTF appreciates the opportunity to provide BPA with comments on EIM charge code allocation, EIM transmission usage, resource requirements and base schedule timeline submissions. We look forward to additional discussion on these topics in the future.