



Comments on BPA's EIM Workshop

The Northwest and Intermountain Power Producers Coalition (NIPPC) offers the following comments.

General Comments

NIPPC recognizes the significant role BPA has played in facilitating other NW utilities' ability to participate in the CAISO's Energy Imbalance Market. Without BPA's active engagement in providing transmission access for EIM transactions, the EIM could not have achieved its current level of success.

NIPPC supports BPA's decision to begin an evaluation of whether to join the EIM itself. NIPPC recognizes that any final decision by BPA must consider multiple factors impacting a wide range of customers. NIPPC anticipates that BPA will consider the impact to NIPPC members among BPA's other classes of customers.

NIPPC encourages BPA to keep in mind during the course of its evaluation the purpose of the EIM. While the EIM can be considered a mechanism that simply facilitates within hour exchanges and settlement of balancing energy between balancing areas, the EIM is actually only a small component of the broader FERC regulatory agenda of establishing a competitive market for wholesale energy. The success of the EIM, therefore, is not ONLY whether it creates lower costs, but also whether it does so by enhancing a competitive wholesale energy market. To that end, the EIM should not limit generators' ability to participate in the EIM or other markets or increase barriers to entry for new wholesale energy suppliers. In addition to lowering costs in the short term, the EIM must foster competition to ensure lower costs to consumers in the long term.

NIPPC has always supported competitive markets. Unfortunately, the experience of the competitive power industry has often been that utilities use their natural monopoly over transmission to inhibit competition with the utility owned generation assets. In the long term, the EIM will be successful only if it enhances competition. If the EIM becomes just another tool for transmission utilities to use to preserve their market share of the generation market, then the EIM will not fulfill its potential.

In its Integrated Program Review and other presentations related to the EIM and Grid Modernization, BPA appears to be allocating most of the costs of updating its transmission grid to its transmission customers. In contrast, most of the benefits of the grid modernization program - and the EIM - appear to flow to BPA's power customers. NIPPC hopes that as BPA conducts and shares a full analysis of the costs and benefits

of joining the EIM that BPA will quantify its forecast of benefits - both to power and transmission customers. Accordingly, NIPPC urges BPA to identify areas of potential benefit to transmission customers and quantify those benefits. The analysis should also then attempt to forecast how these benefits might be reflected in BPA's future transmission rates.

NIPPC also supports the list of topics BPA has identified for further development. With regard to Market Power, NIPPC recognizes that the EIM's current market power tools may be having unintended consequences for hydro operators and need to be revised in order to allow those types of assets access to a competitive market. But NIPPC also believes that market power mitigation is an important element of a competitive wholesale energy market. NIPPC looks forward to learning how BPA will respect market power determinations.

NIPPC specifically looks forward to an analysis of how BPA's implementation of the EIM's resource sufficiency rules are likely to impact BPA's balancing reserve rates.

And finally, NIPPC expects that BPA will support the ability of non-Federal generation and generator-centric balancing areas to participate in the EIM on a non-discriminatory basis with Federal generation and load.

Thank you for the opportunity to comment.