



Customer Group

Slice Customer Comments on BPA's Feb. 25, 2020 TC-22, BP-22 and EIM Phase III Customer Workshop

Overview

The Slice Customer Group appreciates the opportunity to provide comments on BPA's Feb. 25, 2020 TC-22, BP-22 and EIM Phase III Customer Workshop (the "Workshop"). These comments will specifically address the following Workshop topics:

- EIM Charge Code Allocation – Steps 3 & 4; Analyze Issue, Discuss Alternatives
- Resource Sufficiency Balancing Test – Steps 3 & 4; Analyze Issue, Discuss Alternatives
- Generation Inputs – Steps 1 & 2; Intro & Education, Description of Issue

1. EIM Charge Code Allocation – Steps 3 & 4; Analyze Issue, Discuss Alternatives: At the Workshop, BPA presented four alternatives of various levels of EIM Charge Code allocation, ranging from a No Sub-Allocation alternative to a near complete sub-allocation of the more than 27 EIM charge codes that could be billed by CAISO to BPA as the EIM Entity. BPA also presented three criteria for evaluation of these alternatives, both from the BPA perspective and the Customer perspective:
 - Feasibility of Implementation,
 - Administrative Burden, and
 - Cost Recovery Design.

BPA also considered themes from Customer feedback in their development of alternatives, which includes an expressed interest in phasing in changes for the EIM and considering a partial insulation approach.

The Slice Customer Group generally supports BPA's phased-in approach of a limited BPA-Defined Partial Sub-Allocation of the seven specific Base and Neutrality Charge Codes identified in Slides 35 and 36 of the Workshop presentation. The Slice Customer Group believes this alternative strikes the appropriate balance between feasibility and cost of implementation, administrative simplicity, and a cost recovery design that appropriately aligns with EIM cost causation.

Scheduling LSE's such as many of those in the Slice Customer Group will continue to have imbalance energy in the EIM environment and need to be either compensated or charged for that energy in a manner that better aligns with the EIM, which is different than today's Energy Imbalance construct. For example, under the future Energy Imbalance construct, application of the appropriate EIM Hourly LAP price on any direct-assigned imbalance energy would make more sense as opposed to today's application of an hourly Mid-C market



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index. Another example would be to replace today's Energy Imbalance bands (1.5%/7.5%) as well as the short time frame Persistent Deviation penalty (3 consecutive hours) with the EIM Over/Under Scheduling bands (5%/10%) along with the potential adder of direct assignment of EIM Over/Under scheduling penalty rates.

2. Resource Sufficiency Balancing Test – Steps 3 & 4; Analyze Issue, Discuss Alternatives: At the Workshop, BPA presented three alternatives for how scheduling LSEs within the BPA BAA might help BPA as the EIM Entity in managing its Resource Sufficiency Balancing Test requirements. With respect to meeting their EIM Resource Sufficiency Balancing Test requirements, BPA's desired state is to:
 - Have better visibility into how scheduling LSEs are meeting loads and the accuracy of their load forecasts,
 - Minimize the gap at T-55 between BPA's EIM Base Schedules and BPA's BAA EIM Load Forecast provided by CAISO, and
 - Minimize large adjustments to BPA's EIM Base Schedules after the T-55 EIM Base Schedule submission.

To that end, BPA presented these three alternatives:

- Status Quo – Everyone schedules to their best available expected load,
- Collection of load forecasts – Everyone provides BPA with their own hourly load forecast for a certain time horizon and schedules to their best available expected load, or
- Sub-allocation of CAISO's BA load forecast – In addition to the collection of load forecasts, BPA provides everyone with a share of the hourly CAISO BA load forecast, and everyone schedules to their best available expected load.

The Slice Customer Group is generally supportive of the collection of load forecasts to help BPA better manage its EIM Resource Sufficiency Balancing Test requirements. Slice customers have hourly load forecasting and scheduling processes and systems in place today and have many years of experience forecasting their own loads. To minimize administrative burden, the Slice Customer Group would also support leveraging to the greatest extent possible existing processes and systems to submit load forecasts and schedules. The Slice Customer Group would not be in favor of a sub-allocation of CAISO's BA load forecast to the individual LSE level.

3. Generation Inputs – Steps 1 & 2; Intro & Education, Description of Issue: At the Workshop, BPA presented an introduction and education on various elements of today's Generation Inputs construct, as well as potential issues related to Generation Inputs that arise by BPA joining the EIM. At this time the Slice Customer Group does not have any specific



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comments related to Generation Inputs. However, information presented at the Workshop have raised the question of how BPA plans to equitably allocate the benefits of joining the EIM back to its customers, including those benefits that arise from the revenues earned from bidding in the federal Participating Resources.

On Slide 65 of the Workshop presentation, BPA proposes to define the current Generation Inputs balancing capacity as regulation and “non-regulation” capacity to promote consistency with definitions in the EIM. Slide 65 further states that BPA anticipates making available to the EIM the “non-regulation” reserve portion of its balancing reserve, by either bidding the federal Participating Resources or designating them as Available Balancing Capacity (ABC). The Slice Customer Group would like further clarification from BPA as to whether the allocation of these bid-in revenues will be a part of the Generation Inputs construct under the EIM, or if the allocation of EIM benefits, including revenues from bidding in federal Participating Resources, will be a separate Phase III Policy Issue.

Allocation of EIM benefits is of paramount importance to the Slice Customer Group. With Slice being an hourly product, Slice customers cannot directly access sub-hourly markets such as the EIM with Slice deliveries.

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Benton PUD, Clark Public Utilities, Clatskanie PUD, Cowlitz PUD, Emerald PUD, Eugene Water and Electric Board, Franklin PUD, Grays Harbor PUD, Idaho Falls, Lewis PUD, Pacific PUD, Snohomish PUD, Tacoma Power.