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Submitted via email to: techforum@bpa.gov

RE: Comments on BPA's August 26, 2020 discussion of EIM Benefits and Charges in Power Rates

Clatskanie People's Utility District (Clatskanie) hereby submits comments in response to Bonneville Power Administration's (BPA) request for feedback on its August 26, 2020 TC-22, BP-22 and EIM Phase III Workshop. These comments only address the portion of the workshop that dealt with EIM Benefits and Charges in Power Rates.

Clatskanie is aligned with the Slice Customer Group's support of Off-the-Top Option 1 for BP-22.

The Slice Customer Group submitted comments on August 12, 2020 regarding BPA's July 28, 29, and 30 TC-22, BP-22, and EIM Phase II Workshop supporting the proposed option to treat both the capacity and energy as an off-the-top obligation. Clatskanie is an active participant in the Slice Customer Group, agrees with these comments, and is aligned on the preference for Option 1.

Treating the capacity and energy as off-the-top allows Clatskanie, as a Slice customer, to share in the benefits of BPA's participation in the EIM. The implementation of the energy adjustments to the BOS deviation account should be closely monitored as BPA's bid strategy for its participating resources develops to avoid unintended consequences.

Clatskanie prefers the priority deployment and allocation of net dispatch benefits associated with balancing reserves that assumes balancing reserves are bid and used first, then non-Slice inventory ("Balancing Reserves First").

BPA presented options to implement Off-the-Top Option 1 that includes the option to deploy and allocate net dispatch benefits assuming the balancing reserves are bid and used first ("Balancing Reserves First").

Clatskanie prefers the Balancing Reserves First methodology because (1) it reflects BPA's planned participation in the EIM and (2) it may help mitigate the price risk from the direct allocation of imbalance charges in the EIM using the Load Aggregated Points (LAP) price.

BPA power customers that are Load Serving Entities within BPA's Balancing Area may be directly allocated energy imbalance costs settled at the LAP price. While any relationship between real-time prices used to settle energy imbalance today and the LAP are uncertain, one mitigation for the risk of price increases in the EIM is the allocation of net benefits of BPA's participation in the EIM to the composite cost pool.

BPA staff's other two proposals (Non-Slice Inventory First or Pro-Rata) for allocation of the net benefits from BPA's participation dilute the value apportioned to the composite cost pool. Clatskanie prefers the Balancing Reserves First approach, and asks that regardless of BPA's decision the methodology be reconsidered as part of planning for BP-24.

Clatskanie asks BPA reconsider its proposal for allocating EIM Entity Scheduling Coordinator costs from Transmission Services.

BPA staff has proposed allocating any charge associated with load to the non-Slice cost pool, including uninstructed imbalance energy and over/under scheduling charges. The non-Slice cost pool charge codes are paid by both Load Following and Block customers. However, the Block product is a fixed schedule without imbalance known well in advance of the scheduling horizon for the EIM. BPA staff's proposal will result in Slice/Block customers paying both their own directly allocated imbalance and a share of Load Following customers' imbalance.

Clatskanie asks that BPA staff investigate mechanisms for allocating these charges to Load Following customers rather than the broader non-Slice cost pool.

If there is not a feasible mechanism in BP-22 to allocate charges associated with load directly to Load Following customers and BPA staff has reason to believe that the charges will be de minimis, Clatskanie asks that BPA closely monitor the charges being allocated to the non-Slice cost pool and the allocation decision be reconsidered as part of planning for BP-24.