



December 2, 2019

Re: EIM/BP-22/TC-22

NIPPC appreciates the opportunity to submit these comments.

### **General Comments**

NIPPC recognizes the challenge facing BPA and its customers — including NIPPC members — in transitioning into the Energy Imbalance Market (EIM). While many BPA customers have some understanding of the design and operation of CAISO's EIM, a significant amount of additional education will be necessary in order for customers to understand the implications of BPA's joining the EIM on BPA's tariff and rate design.

NIPPC encourages BPA to approach the workshops with a greater sense of urgency. There is too much education to be done to take a sedate pace in the early months of workshops. NIPPC also notes that many BPA customers are already participating in the EIM - some of them for many years. NIPPC suggests that BPA be more aggressive in soliciting input from other EIM participants in describing their experience with EIM and how they have resolved the issues BPA and customers will encounter in this transition. NIPPC believes that the employees most knowledgeable about their company's EIM participation work in the transmission function; while most of the company representatives who normally attend BPA workshops serve in the company's merchant function. BPA should encourage its customers who are already participating in the EIM to send employees responsible for implementing and managing their EIM business; not just those employees responsible for power and transmission contracts with BPA. NIPPC also encourages BPA to more actively solicit presentations from current EIM participants for the "customer led" workshops on the schedule. Many of these company's have likely already found strategies for solving the challenges BPA is uncovering; while these solutions may not necessarily work for BPA, they could be informative.

## **Specific Questions**

### 1. Impacts to Ancillary Services rates.

BPA and its customers have invested significant time and energy in developing the “Generation Inputs” concepts used to set rates to compensate BPA for the capacity set aside to provide ancillary services for load and generation. The current structure successfully avoids the significant cost associated with setting aside a quantity of reserves high enough to meet the extreme “tail” events. NIPPC expects that BPA will explore similar mechanisms to mitigate the need to carry permanently a large quantity of reserves to meet infrequent events.

How can BPA and its customers adapt the existing framework including operational controls used to mitigate tail events into the EIM construct?

How in the uncertainty component of the resource sufficiency test calculated?

Please provide an analysis showing whether BPA would have failed the uncertainty component in the past. If this information is not available, can the CAISO and BPA begin working together to establish a “shadow” uncertainty component so that BPA and its customers can better understand how often (if at all) BPA would fail the uncertainty screen using the existing rate design.

What are the implications of BPA failing to meet the uncertainty screen or any of the other components of the resource sufficiency tests? If BPA is prohibited from participating in the EIM for failing to meet the screens, would the quantity of reserves BPA needs to meet its reliability obligations to increase during those periods increase because BPA lost the diversity benefit?

BPA staff indicated that the CAISO is considering changes to the uncertainty screen. In what forum are those discussions taking place; and what is the timeline for resolution? What changes are being considered?

What is the experience with other EIM participants in meeting the sufficiency screens; how often to they pass or fail; how have they changed the quantity of reserves they set aside to meet the various components of the screens?

Can the strategies that BPA and customers have developed to reduce the quantity of reserves needed be applied or adapted to the EIM paradigm?

### 2. Oversupply

NIPPC encourages BPA to determine whether BPA will need to retain the Oversupply Management Protocol upon joining the EIM.