

Submitted via email to techforum@bpa.gov on March 27, 2020

RE: Comments in Response to BPA’s February 25 TC-22, BP-22, and EIM Phase III Stakeholder Workshop

PPC appreciates the opportunity to comment on BPA’s February 25 TC-22, BP-22, and EIM Phase III workshop. We delayed our comments to ensure that these comments could also be informed by the customer-led workshop where these issues were discussed. While the follow-up conversation was very helpful, there are still some areas where we are seeking further clarification on staff’s evaluation of the topics presented on February 25th. The clarifications sought are described below and should be addressed when BPA staff shares its preferred alternatives on these issues.

PPC offers the following initial comments on BPA’s February 25 stakeholder meeting.

Charge code allocation (EESC)

PPC appreciates the materials and discussion around the allocation of charges and credits related to charge codes assigned to BPA as an EIM Entity Scheduling Coordinator (EESC). This is an important issue to PPC’s members due to its direct impacts to customers as well as potential impacts to some of the other topics being addressed in this process. The interrelated nature of these charge codes and other issues makes it difficult to look at the question of sub-allocation in isolation. While PPC understands BPA’s desire to make decisions in some areas in order to move forward through this process, these decisions should be open for reconsideration as additional information on related issues becomes available. We continue to seek additional clarity on how BPA is assessing these charge code alternatives in the larger context of its EIM participation implementation, including a broader discussion on how costs and benefits of EIM participation will be quantified and allocated.

It is PPC’s understanding that there are three issue areas that will make up BPA’s ultimate proposal on how to collect charges or distribute credits associated with EESC charge codes:

Issue 1: Which charge codes will be sub-allocated to transmission customers.

Issue 2: The BPA specific rate or rate mechanism that will be used to recover costs that are not otherwise “sub-allocated.”

Issue 3: Changes to BPA’s existing generation inputs and other ancillary service rates that will be necessitated as a result of sub-allocation of EESC charge codes.

Given the highly interrelated nature of these three areas, we understand BPA’s desire to develop a staff position on Issue 1 and then address the remaining issues, but this approach creates challenges. For instance, this approach makes it difficult to assess which alternative would best

achieve the criteria identified by BPA on slide 31 of their presentation. So far, the “evaluation” discussion with BPA has only focused on Issue 1, but it is really the package of the three issues, or a more complete proposal on charge code allocation, that will need to meet the criteria set forth by BPA. BPA staff may already be considering some alternatives for Issues 2 and 3 identified above; in fact, some high-level discussion of these issues occurred during the workshop and follow-up discussion. However, based on the information presented so far, it is unclear if BPA staff’s evaluation is based on Issue 1 alone. More clarity is needed on how BPA is assessing the alternatives and how, if at all, potential solutions for Issue 2 and 3 above are being considered as part of that evaluation. Without such clarity, it will be challenging to determine whether we can support BPA staff’s recommendation.

PPC agrees with BPA staff’s observation that none of the identified alternatives will fully meet all the stated objectives and that there will have to be “trade-offs.” Some of these trade-offs were identified on slide 49 of the presentation. While we agree that consideration of these “trade-offs” is important for evaluating each of these alternatives, it is not clear how BPA assessed these trade-offs in its own analysis.

For instance, the presentation and discussion focused primarily on “administrative complexity” and other issues related to implementation challenges. PPC understands that these are important considerations but would also like to hear from BPA how considerations like “precision” and “market impacts” come into play, including whether there is some package that jointly considers the three issues described above.

BPA staff has referred to a “phased-in” approach several times when discussing EESC charge code allocation. PPC seeks additional clarification on what a phased in approach would look like. Are there different objectives in the near term compared to the long term in a phased in approach? Is BPA thinking differently about “trade-offs” in the BP-22 rate period than it intends to in future rate periods? Additionally, PPC would like to understand how these differing objectives may be captured or expressed as part of this process.

PPC understands that BPA staff intends to share its proposal during the April workshop. As part of that discussion, PPC would appreciate additional clarification as requested above.

Additionally, it would be helpful for BPA staff to address the following regarding its proposal:

- Why does this alternative result in the best outcome given the different “trade-offs” among the alternatives considered?
- Under this alternative, what incentives are there to influence customer behavior and lower costs incurred by the BAA?
- Referring to Issues 2 and 3 above – how did these impact BPA’s evaluation of the alternatives, if at all?
- If this is being considered as part of a “phased-in approach,” please explain what that looks like. How will this longer-term approach be memorialized?

We appreciate the discussion on this issue to date and look forward to having further discussions on this topic in April.

Generation Inputs

PPC appreciates the information on generation inputs provided at the February workshop. This background was very helpful to inform customers on potential changes and to set the stage for future discussions. In BPA's next presentation, PPC would appreciate additional clarification on what outstanding issues there are regarding generation inputs as part of BPA's EIM Phase III process. This summary will ensure that all stakeholders have the same understanding of potential impacts. It would be helpful if this included not only issues that are directly related to generation inputs, but also highlighted some of the related issues that may end up having impacts of generation inputs (such as EESC charge code allocation).

Resource Sufficiency

The background provided on Resource Sufficiency in previous meetings provided a helpful context for the conversation on February 25. We appreciate the effort made by BPA staff to educate customers so we would be prepared to participate in these discussions. In its February meeting BPA discussed two issues on Resource Sufficiency.

Issue #1: BPA's "Desired State" on sub-BAA visibility

BPA expressed its desire to increase its visibility within the BAA to see how load is being met and the accuracy of customers' schedules. The idea is that this information will help BPA identify possible causes of failing the Balancing Resource Sufficiency test. This seems like a reasonable goal, and BPA's Alternative #2, to collect load forecasts from customers, is likely an appropriate initial step to help provide BPA additional visibility into how load obligations are met in the BAA.

It will be important to understand additional details of Alternative #2, such as the timing and method for submitting this information. This, or any alternative requiring additional action from customers, should seek to minimize any additional workload from customers and any additional requirements from customers should result in commensurate benefits. BPA should address implementation details and further clarify the benefits of this alternative compared to status quo in their staff proposal.

Currently, there is no demonstrated benefit of Alternative #3, sub allocating CAISO's BPA BAA forecast to load serving entities within the BAA. Developing a methodology for this allocation would not be the best use of BPA's time, considering other higher-need priorities. Additionally, the accuracy of CAISO's forecast is unknown and encouraging customers to schedule to some "share" of that forecast may not benefit the BAA and could potentially result in negative unintended consequences.

RS Issue #2: Development of an RS target

PPC does not support development of an RS target for BPA's BAA at this time. It is not clear that developing such a target would benefit BPA or its customers and doing so would detract from other high value work. BPA should monitor its RS pass rate and identify potential

systematic causes for failure once it joins the EIM. If the costs of addressing those failures are less than the expected benefits, BPA could revisit a RS target at that time.

Thank you for the opportunity to comment. We look forward to working on these and the other TC/BP/EIM issues collaboratively with BPA and other stakeholders as this process continues.