

March 10, 2020

**RE: Bonneville TC-22, BP-22, and EIM Workshops - Feb 25th, 2020**

Powerex appreciates the opportunity to provide feedback and comments on the workshop that was conducted by Bonneville on February 25, 2020. Powerex offers the following comments in regards to the topics that were discussed at the workshop.

**Existing OATT Rights**

Powerex reiterates the importance of ensuring that customers' OATT rights are fully respected and that customers maintain the ability to use their rights without facing new costs that will erode the value of those transmission rights<sup>1</sup>. This consideration is particularly important for BPA due to the number of third-party transmission customers that wheel through the BPA transmission system.

**EIM Charge Code Allocation**

In January, Powerex submitted comments on BPA's introductory materials addressing the EIM Charge Codes in which Powerex agreed with the need for Bonneville to balance cost-causation and transparency with simplicity and administrative burden.

Powerex encourages Bonneville to continue to carefully evaluate EIM cost-allocation and work with customers to develop a fair and transparent approach. Powerex has reviewed the four alternatives that Bonneville has put forth regarding the EIM charge code sub-allocation and Powerex strongly urges that Bonneville implement a No-Sub Allocation alternative for the BP-22 Rate period. Powerex believes that the No-Sub Allocation is a pragmatic approach in light of the many complexities associated with EIM participation. Specifically, Powerex believes that this approach will:

- 1) **Ensure transmission rights are respected** by allowing transmission customers to maintain their OATT scheduling rights and to avoid receiving new incremental EIM charges when using those rights.
- 2) **Allow BPA and its customers to gain experience in the EIM** and then assess the actual financial impacts and any potential issues that arise prior to the BP-24/TC-24 rate and tariff proceedings.
- 3) **Avoid considerable complexity and effort by BPA staff to accurately allocate EIM charges.** Most EIM Entities have encountered a high level of complexity and growing pains associated with EIM settlements despite significant advance preparation. EIM settlements data are extensive, and calculating a single charge code often requires many inputs. Furthermore, there is a high degree of inter-dependency amongst the various charge codes.
- 4) **Allow BPA to work with CAISO on ensuring comprehensive data is available for any future allocation approach.** Some EIM charges depend on data from other BAAs and may not be available for BPA to reconcile at all. Starting with the No Sub-Allocation approach provides an opportunity for BPA to work with CAISO to

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<sup>1</sup> For example, some EIM Entities have chosen to assess EIM imbalances charges to wheel-through customers that schedule those on rights after T-57. These additional charges create a strong disincentive for customers to purchase and schedule transmission on those systems.

ensure that sufficient information is actually available to implement any future allocation methodology that BPA and its customers wish to pursue.

- 5) **Reduce risk of errors.** CAISO has recently faced challenges with settlements errors in a number of areas that have resulted in material financial impacts to most EIM Entities and has resulted in the need for extensive retroactive settlement adjustments. The potential effort associated with resolving such future issues would be extremely burdensome for both BPA and its customers, and could result in an ongoing exposure to resettlements that customers are likely to find unpalatable.

Powerex appreciates BPA's consideration of our comments and looks forward to continuing to work with BPA and BPA's customers on BPA's consideration of the EIM.

Sincerely,

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Manager, Market Policy and Practices