



January 8, 2020

Via Electronic Submission

Elliot Mainzer
Administrator and Chief Executive Officer
Bonneville Power Administration
911 NE 11th Avenue
Portland, OR 97232

Re: December 12, 2019 TC-22, BP-22 and EIM Phase III Workshop

Dear Administrator Mainzer:

The Alliance of Western Energy Consumers (“AWEC”) appreciates the opportunity to provide feedback on the December 12, 2019 TC-22, BP-22 and EIM Phase III Workshop. AWEC members have traditionally purchased a range of power and transmission services from the Bonneville Power Administration (“BPA” or “Agency”) and are also served by BPA’s utility Power and Transmission customers, often pursuant to contracts that pass BPA’s costs and the effects of its policies directly through to AWEC members. Accordingly, AWEC members are extremely interested in BPA’s TC-22, BP-22 and EIM Phase III Workshop processes.

In general, AWEC appreciates BPA’s communication efforts thus far in the TC-22, BP-22 and EIM Phase III process. It is clear from the monthly BPA workshops, regular comment periods, and customer-led supplemental workshops that BPA is taking stakeholder feedback seriously throughout this process. AWEC is further encouraged by BPA’s current practice of openly discussing with stakeholders any changes in the Agency’s current practices that may affect its customers. We look forward to continuing to cooperate with BPA throughout these processes.

Transmission Losses

BPA’s review of Agency transmission losses settlements is timely, and AWEC appreciates the efforts to find efficiencies, reduce costs, and reconcile deviations. It is important to understand whether changes to the process and procedures might result in overly punitive outcomes, either in the form of new penalties for unintended, in-kind loss delivery mismatches or exposure to exorbitant costs from a financial settlement. AWEC recommends that BPA continue to explore alternatives to how the Agency calculates compensation for providing transmission losses in order to strike the right balance that does not adversely affect customers. Further,

AWEC echoes stakeholder comments provided at the December 12, 2019 workshop requesting that any alternatives planned for discussion on transmission losses at the January 28, 2020 workshop be shared in advance so that parties can fully digest them and assess potential impacts. This process will better enable AWEC and other customers to provide more useful and informed feedback to BPA.

From a substantive perspective, AWEC is also interested in better understanding the interplay between EIM losses and BPA system transmission losses and appreciates any further information BPA may provide its customers on the subject. Specifically, AWEC is interested in how the two loss regimes may interact in the future once BPA joins the EIM. If BPA and its transmission customers will be operating in an environment that utilizes financial loss settlements, it may be that to avoid seams issues and to ensure efficient and transparent reconciliation of losses, a purely financial approach may be appropriate for the BPA system as well.

EIM Losses

AWEC appreciates the initial discussion of EIM losses and requests follow-up discussion that illustrates the concepts discussed at the December 12, 2019 workshop with examples. Specifically, AWEC would like more information regarding Marginal Losses and the “special and separate BAA neutrality accounts.”^{1/} Additionally, AWEC looks forward to exploring alternatives that highlight the difference in impact to the charge code calculations resulting from “simple” or “complex” loss factor approaches for the EIM.

EIM Charge Code Allocation

One of the most important issues under consideration during the EIM Phase III initiative may be the methodology that BPA settles upon for EIM Charge Code Allocation. This issue may have the potential to drastically affect costs paid by customers, and the level of socialization that BPA selects could result in greater or lesser cost shifts between customers. AWEC is particularly interested in further exploring an approach of partial insulation from direct CAISO costs/credits, but recognizes that this method could take many forms. While BPA’s decision may ultimately include a degree of value-judgement, it is important that rigorous analysis be performed so that stakeholders have a clear understanding of the tradeoffs and financial impacts involved.

^{1/} Bonneville Power Administration, TC-22, BP-22 and EIM Phase III Customer Workshop, at 37 (Dec. 12, 2019).



Finally, AWEC agrees that BPA should continue to explore additional examples of how costs have been successfully recovered by other EIM Entities. Stakeholders would benefit from specific examples of potential EIM Charge Code Allocations' cost impacts.

Phased-In Approach

BPA may wish to consider a multi-year, phased-in approach in adopting a final EIM Charge Code Allocation methodology. A multi-year approach would allow the Agency flexibility to make course corrections over more time than one rate period, and utilize lessons learned throughout this process. Further, such a process would allow BPA to adapt to unforeseen roadblocks without substantially altering the Agency's chosen approach.

AWEC appreciates the opportunity to provide feedback on the December 12, 2019 Phase III Workshop and looks forward to future participation in the TC-22, BP-22 and EIM Phase III Workshop processes.

/s/ John Carr
Executive Director
Alliance of Western Energy Consumers