



Eugene Water & Electric Board

500 East 4th Avenue/Post Office Box 10148
Eugene, Oregon 97440-2148
541-685-7000
www.eweb.org

July 8, 2020

Submitted via: techforum@bpa.gov

RE: June 23/24, 2020 TC-22, BP-22 and EIM Phase III Customer Workshop

These comments are respectfully submitted by the Eugene Water & Electric Board (EWEB). EWEB is the largest publicly-owned electric and water utility in Oregon, and our electric system supplies service to 93,000 residential, commercial, and industrial customers in and around the city of Eugene.

Resource Sufficiency:

EWEB has been generally supportive of BPA's approach thus far in the process to achieving its desired state on balancing the BA, and how BPA might go about addressing any resulting gaps. Given our stated support for PPC's previous comments, we were supportive of Alternative #2, but were also interested in seeing some more analysis. After the most recent discussion, we are supportive of BPA's recommendation of Alternative #1 for the BP-22 rate period.

Regarding the question of setting an RS Pass Target, based on staff's conclusions that the BA would pass both the Capacity and Flex Ramp tests under a majority of scenarios, we are supportive of maintaining the status quo approach. However, we maintain some concerns about BPA's ability to penalize behavior that has the potential to impact all sub-BAA entities for a given period, and so we look forward to the continued discussion around the question of whether BPA will cover any gaps in the Balancing Test. Specifically, we are interested in the financial and operational impacts of the various "Options for Balancing" outlined on slide 38 and

welcome the opportunity to discuss those impacts prior to BPA's publication of a staff recommendation.

Transmission Usage on the Network

As we'd noted in the July 23rd meeting, EWEB was surprised by staff's recommendation to allow both firm and non-firm transmission donation for EIM transfers. This is likely due to the description of the two existing methods of making transmission available for EIM Transfers detailed in the September 2019 Administrator's Record of Decision on Energy Imbalance Market Policy. There, both the "Direct Provision Methodology" and the "Interchange Rights Holder Methodology" (IRH) are defined. BPA proposed to adopt the Interchange Rights Holder Methodology, which is defined as follows:

b. Interchange Rights Holder Methodology: A transmission customer with long-term firm Point-to-Point transmission service between two EIM Entities (i.e., an Interchange Rights Holder) may "donate" all or a portion of that long-term firm PTP transmission service to the EIM to facilitate EIM Transfers at the continuing discretion of the transmission rights holder. The transmission customer continues to pay the EIM Entity the applicable rate for long-term firm PTP transmission service, and the customer may collect congestion revenue under certain circumstances. ([*Administrator's Record of Decision*](#), at 138.)

Though BPA acknowledges that Alternative 2 is inconsistent with the definition of IRH used in other EIM Entity tariffs, as it is also inconsistent with the Administrator's ROD EWEB believes additional discussion is warranted, and we look forward to engaging further.

EWEB agrees with the "Areas of Risk to Be Analyzed" that BPA lists on slides 48 and 49 of the June 23rd presentation. We would assert, however, that "Operations," "Customer Impacts," and "Transmission Revenue and Cost Shifts" should take considerable priority over issues related to "Market Efficiency" or "Cost and Implementation Complexity". EWEB believes this prioritization is supported by the established Evaluation Principles and would request that BPA provide additional detail around how those Evaluation Principles were considered when developing the staff recommendation. Further, we are very interested in seeing more information and data around BPA's analysis and conclusion that only permitting donations

of firm transmission would significantly impact the potential for EIM benefits, as well as how BPA quantified that analysis and conclusion. Specific to that impact, if BPA's EIM Cost-Benefit Analysis assumed donation of both firm and non-firm transmission, we would ask BPA to provide some detail around why that information was not disclosed previously. If, however, the EIM Cost-Benefit Analysis assumed donation of only firm transmission, we would ask request information as to the quantifiable benefit that donation of non-firm will add to the conclusions provided in the previous analysis.

EWEB appreciates the detail that BPA provided in its "Evaluation of Alternatives". We would ask for additional information as to what led BPA to conclude that Alternative 2 "Presents little risk of loss of LT firm PTP revenue." On slide 59, BPA recognizes that there is "no incremental risk" to LT firm revenue in Alternative 1 but goes on to state that there is "little risk" in Alternative 2. We would appreciate the opportunity to discuss the analysis and conclusions that led BPA staff to recommend prioritizing market efficiency over transmission revenue risk.

In addition to the above, we would ask BPA to provide additional analysis around the purported benefits of creating additional seams issues, given the comments made by Pacificorp during the June 23rd meeting, and the fact that no other Participating BAAs permit donation of non-firm transmission by any entity but the TSP.

Transmission Losses:

EWEB appreciates the fact that BPA chose to address all loss-related issues at the same workshop. Specific to pricing, we are supportive of BPA's proposal to ensure compensation for the capacity provided to balance the transmission system. Further, we support BPA's proposed Financial for Inaccuracy (FFI) practice in concept and look forward to the opportunity to work with BPA to develop the relevant Business Practice in the coming months. On the topic of Line Loss Settlements, we support BPA's initial leaning of Alternative 3. EWEB will continue to assert that eliminating the option to settle loss returns in-kind is non-negotiable in the near term, and that attempting to move to concurrent in-kind returns would unduly burden its customers. We recognize, however, that losses may need to be treated differently in the EIM, and so remain

open to discussing the viability of Alternative 6 in BP-24, and how those changes will align with the optionality currently provided as part of the Slice product.

EWEB appreciates the opportunity to comment, and we anticipate the ability to comment further after speaking with BPA staff at the next Customer-Led Workshop. We look forward to continuing to engage with BPA staff on the above, on Requirements for Participating Resources, and other issues throughout the remainder of the TC-22, BP-22 and EIM Phase III process.

Sincerely,

A handwritten signature in blue ink that reads "Matthew A. Schroettig". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Matthew A. Schroettig
Power Resources Counsel
Eugene Water & Electric Board