



Eugene Water & Electric Board

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Submitted via email to: techforum@bpa.gov

RE: July 28/29, 2020 TC-22, BP-22 and EIM Phase III Customer Workshop

These comments are respectfully submitted by the Eugene Water & Electric Board (“EWEB”). EWEB appreciates the opportunity to provide feedback on the Bonneville Power Administration’s (“BPA’s”) BP-22/TC-22/EIM Phase III workshops. We look forward to additional discussions and will likely have further comments. We recognize that these comments are coming after the August 12th deadline, but maintain that it was not possible to provide a response prior to the opportunity to consider the new information provided during the August 12th Customer-Led Workshop. At this time, we are commenting on the following topics: Requirements for Participating & Non-Participating Resources, Generation Inputs, EIM Benefits and Charges in Power Rates, and Charge Code Sub-Allocation.

Requirements for Participating & Non-Participating Resources:

EWEB is generally supportive of BPA’s recommendation of Alternative 1 – Status Quo; requiring Participating Resources to have either a Network Transmission (“NT”) Agreement or Point-to-Point (“PTP”) enabling agreement with BPA. We also are supportive of BPA’s proposal to not require a Participating Resource to have transmission reservations. However, while we agree that there is likely limited risk in this approach, it will be important to understand whether this decision results in a change in transmission purchasing behavior or other unintended consequences. Therefore, we ask that BPA actively monitor this issue and commit to reviewing whether this decision is consistent with the Evaluation Principles established to guide this process prior to BP/TC-24.

Generation Inputs:

EWEB agrees that it is important to have the appropriate policies and procedures in place to incentivize accurate scheduling. We look forward to learning more about the impacts and implications of modification or removal of the Energy Imbalance (“EI”) and Generation Imbalance (“GI”), or Persistent Deviation (“PD”) and Intentional Deviation (“ID”) bands.

Given the available information and recognizing that all Alternatives include sub-allocation of the relevant EIM charge codes, EWEB is unable to support Alternative 1 in either context.

Specific to the EI/GI deviation bands, it is clear that FERC is not supportive of this approach, and it is unlikely that Mid-C pricing will be an accurate measure of BPA’s costs once EIM implementation is complete. Additionally, in an EIM, penalty bands should not be necessary to incentivize the desired planning and scheduling behavior. Further, removal of the bands would mitigate the impact to customers of the potential implementation of an earlier scheduling deadline than exists today.

As to PD/ID, no other EIM entities utilize ID or PD penalties, and the potential of exposure to both EIM over/under scheduling penalties and PD penalties due to the inaccurate schedules of others is unacceptable. EWEB remains open to Alternatives 2 and 3 to remove or modify the penalties. We recognize that the details around the possible modification of these alternative are still being developed and look forward to engaging in their development and evaluation in future workshops.

Finally, we believe it is important to monitor whether these decisions will result in a material decrease in scheduling accuracy and would again ask that BPA actively monitor the issue and commit to reviewing the results prior to BP/TC-24.

EIM Benefits and Charges in Power Rates:

Given the level of uncertainty around EIM benefits for the BP-22 rate period EWEB understands the merits of proposing a conservative approach, and assuming EIM benefits equal to expected costs for the rate period certainly qualifies as such. However, we were nonetheless surprised by the net-neutral assumption BPA is proposing to use in setting BP-22 net secondary revenue assumptions. As others have noted, and was noted during the workshop, the delta between

\$2.4 million and the E3 Study's assumption of \$36-40 million in annual dispatch benefits is considerable. As WPAG points out, while BPA makes a fair case that it may be unreasonable to assume that the agency will realize the full level of projected benefits in the first rate period of EIM participation, it is equally unreasonable to assume that the net benefits to BPA from participating in the EIM during the BP-22 rate period will be zero.

EWEB requests additional information as to why BPA believes that such a conservative approach is appropriate, whether BPA intends to include the full \$36-40 million in forecast benefits in future rate cases, and if not, whether a review of the E3 Study conclusions is necessary prior to BPA deciding whether it will participate in the EIM.

Charge Code Sub-Allocation:

EWEB requests additional information as to how sub-allocation of the Base Codes and the proposed five Neutrality Codes will impact those entities that are only subject to Energy Imbalance and who manage their own "system" within the BPA BAA. We were previously assured this would remain an option after BPA had joined the EIM, and would appreciate additional clarity and detail as to how that will be implemented under BPA staff's proposed phased in approach.

Additionally, as we expressed during the workshop, EWEB remains concerned as to the ability of BPA and customers to manage the administrative burden associated with accurate and efficient settlement of the sub-allocated charge codes. We look forward to additional clarity from both BPA and PCI as to the feasibility of the proposed approach, and the associated administrative and financial burden on customers irrespective of their decision to participate in the market.

EWEB appreciates the opportunity to comment and looks forward to continuing to engage with BPA staff throughout the remainder of the TC-22, BP-22, and EIM Phase III process.

Sincerely,



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