

Submitted via email to techforum@bpa.gov on January 14, 2020

RE: Comments in Response to BPA’s December 12 TC-22, BP-22, and EIM Phase III Stakeholder Workshop

PPC appreciates the opportunity to comment on BPA’s most recent stakeholder workshop in the TC-22, BP-22, and EIM Phase III combined process and to provide feedback that will shape future discussions on these topics. We look forward to engaging with BPA and other stakeholders as we continue to develop these issues and work to identify potential alternatives to address concerns raised by BPA and its customers.

PPC offers the following initial comments on BPA’s December 12th stakeholder meeting.

Transmission and EIM Losses

PPC appreciates the background information provided on these topics. It is helpful context as the region continues to develop these issues. In particular, the information provided on the “transmission losses” topic may help BPA and customers identify additional alternatives that were not considered when this issue was discussed in TC-20. We look forward to working collaboratively with BPA to develop alternatives that would address the most pressing issues raised by the agency while limiting the impact to its customers.

The “EIM losses” discussion is less developed and PPC would like to better understand the potential policy questions that the agency is hoping to address. For both loss discussions, we would like to remind BPA that customers are likely to require additional education as alternatives develop. PPC appreciates BPA’s openness to take an iterative approach by providing education on these issues in conjunction with ongoing policy development. Education is a starting point for the discussions and as the region works through the later steps in BPA’s six-step process, more education may be necessary as information and policy alternatives evolve.

PPC would like to ensure that the outcomes of this process are not predetermined before BPA develops these issues with its customers. With this in mind, PPC recommends that BPA revisit the transmission losses objective shared on December 12. As currently stated, the objective is to “update” BPA’s loss return methodology, indicating that a change is needed. While the discussion may lead to updates to BPA’s methodology, the status quo should also be considered. Additionally, the objective in its current form highlights BPA’s concerns about the current methodology and includes a limited list of outcomes entirely focused on impacts to BPA. The objective should also allow for the consideration of customer impacts and should be scoped broadly enough to allow for alternatives that balance the interest of customers and the interests of BPA in order to create the largest overall benefits.

At the December workshop, BPA spent some time discussing the relationship between transmission losses and EIM losses. While staff indicated that there may not have been as much

of a connection between the two issues as initially thought, there was still some indication that EIM losses could have an impact on BPA's transmission loss decisions. It is still unclear how much the losses methodology for EIM transfers will influence BPA's policies on BPA's transmission loss returns and we encourage BPA to further clarify the relationship between these two issues.

EIM Charge Codes

Consistent with previous comments from PPC and NRU, PPC suggests that BPA should revise the scope of the "EIM Charge Code" topic to more holistically consider rate design and ancillary services issues related to BPA's EIM participation. While understanding the EIM charge codes, how they are assessed, and to which parties they are assessed is important background for the rate design discussion, it should be viewed as one component of that larger discussion.

PPC is sympathetic to the challenge of examining allocation of costs and benefits resulting from EIM participation, as there are many facets to address. We understand that BPA's choice to narrow the scope of this discussion was made in the interest of facilitating progress. However, narrowing the scope too far without linking back to other related issues and without providing necessary context may lead us to undesirable or unanticipated outcomes.

To encourage a more holistic discussion on these issues, PPC recommends that BPA revise the objective associated with this effort to "Allocate the costs and benefits associated with BPA's EIM participation consistent with rate making principles." The broader scope of this discussion should include: 1) anticipated changes to BPA's provision of ancillary services, 2) the potential sub allocation of resource sufficiency obligations (and potential rates or penalties that may be developed related to these obligations), and 3) allocation of other costs and benefits related to participation in the EIM.

There are many issues where customers need additional education to inform the discussion on allocating costs and benefits associated with EIM participation. PPC recommends the following topics for additional education before alternatives are discussed:

- Further information on the EIM cost codes identified in the December 12 presentation:
 - This includes a need for more detailed information on what actions are associated with the costs and benefits assessed by these charge codes.
 - Also needed is the anticipated magnitude of assessed charges (or more detailed information on the experience with transfer service that could be used as a proxy).
- Review of current ancillary services practices – including operations, cost allocation, and rate design.
- Review of potential changes to BPA's approach to ancillary services, including any planned changes in capacity held to provide those reserves.
- Discussion of how BPA's planned ancillary services operations in the EIM is related to passing the resource sufficiency test.

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 over the coming months.