



*Energizing Life in Our Communities*

Comments of Public Utility District No. 1 of Snohomish County  
In Response to Bonneville Power Administration's  
August 25-26, 2020 BP-22/TC-22/EIM Phase III Workshop

Submitted to [techforum@bpa.gov](mailto:techforum@bpa.gov) on September 18, 2020

Public Utility District No. 1 of Snohomish County ("Snohomish") appreciates the opportunity to provide feedback on the Bonneville Power Administration's ("BPA's") BP-22/TC-22/EIM Phase III workshop held on August 25-26, 2020 ("August Workshop"). We also thank BPA for holding two customer-led workshops on September 1 ("September 1 Workshop") and September 9 ("September 9 Workshop"). We offer comments on the following issues discussed at those workshops: Transmission Donation, EIM Entity Charge Code Allocation, EIM Benefits and Charges in Power Rates, and Gen Inputs.

### **Transmission Donation**

Increasing the amount of donated transmission for ETSRs in the EIM should, all else equal, improve EIM dispatch efficiency through greater capability for increased BAA-to-BAA transfers, and therefore would benefit BPA, its customers, and the broader EIM market. BPA appears to agree, referencing the benefits of increased transmission donation within the decision criteria for multiple issues. Towards the goal of maximizing transmission donation, Snohomish staff raised two issues at the September 1 workshop; Snohomish requests that BPA address both at the September 29 Workshop.

### **Snohomish requests that BPA consider allowing adjustments to donated transmission until T-57**

BPA has presented three alternatives for transmission donation timing: (1) require Interchange Rights Holders to tag their donations by T-75; (2) require Interchange Rights Holders to tag their donations by T-75 and allow adjustments to tags till T-40; and (3) BPA will collect all approved Donated TSRs on all EIM transfer paths at T-77. BPA staff recommends Alternative (3) because it would allow time for BPA to "sum up" the TSRs and author an e-Tag, and because it would allow time for donated transmission to be included in the RS tests and in setting Base Schedules. Snohomish appreciates both of these rationales, but also notes that at the August Workshop multiple customers stated that there is additional activity after T-77 that would limit the amount of transmission they would be willing to donate at that time.

At the September 1 Workshop, Snohomish staff suggested BPA consider a hybrid of Alternatives (2) and (3): BPA would collect all approved Donated TSRs on all EIM transfer paths at T-77 and would allow customers to submit adjustments to BPA until T-57, at which time BPA could adjust the aggregated e-Tags. Snohomish believes this hybrid alternative has merit, as it would allow time for the final donated transmission amount to be included in the last two RS Tests at T-

55 and T-40, while providing Interchange Rights Holders with additional time to gain certainty as to the amount of transmission they are able to donate. Moreover, there may be some benefit to customers in submitting donation adjustments along with base schedules at T-57. Snohomish requests that BPA assess whether this hybrid option is feasible and beneficial and discuss at the September 29 workshop.

Snohomish requests that BPA explain how CAISO allocates ETSR congestion rents and consider suballocating to Interchange Rights Holders that donate transmission

In addition to the timing issue, there is currently no clear incentive for customers to donate transmission. As raised in our August 14 comments and at the September 1 workshop, allocation of congestion rents associated with EIM Transfers to Interchange Rights Holders that donate transmission would appear to be an appropriate form of compensation and would provide incentive to transmission customers to donate frequently congested paths to the market. At the September 1 workshop, BPA staff stated that Utilicast had indicated that allocating congestion rent to customers that donate would be difficult and offered to provide additional information at the September 29 Workshop. Snohomish looks forward to this discussion. Snohomish requests that BPA explain how CAISO allocates this congestion rent to EIM Entities and consider whether there is any way to provide a reasonable, even if imperfect, suballocation to those customers who donate.

**Charge Code Allocation**

Snohomish understands Powerex has put forth a proposal that would modify BPA's proposed suballocation method, and we look forward to discussion of this proposal at the September 29 workshop. In addition, Snohomish has comments on two sets of charge codes.

Snohomish requests BPA provide additional detail on how it will apply the imbalance threshold when suballocating the Over/Under Scheduling Load Allocation (Code 6046)

Code 6046, the under/over scheduling load allocation, is used by CAISO to distribute revenues it collects through the over/under scheduling penalties. Any such penalty revenues are allocated on a daily basis to all EIM Entities that were not subject to over- and under-scheduling penalties for the day. As discussed in our August 14 comments, both allocation options, *metered demand by magnitude*, or *metered demand by magnitude with imbalance threshold* appear to be reasonable and workable but BPA's staff recommendation to include an imbalance threshold will require BPA to determine how to apply a daily threshold to hourly imbalance amounts that may be in different directions throughout the day. For example, the threshold could be based on the customer's maximum absolute hourly imbalance within the day, daily net imbalance, average absolute hourly imbalance across the day, etc. Snohomish does not have a strong preference, but would like to understand how BPA intends to apply the threshold, as well as the source of the values of the threshold.

BPA should forecast unallocated codes as accurately as possible

Snohomish supports BPA continuing to work with CAISO to forecast unallocated codes as accurately as possible, rather than simply forecasting the codes to \$0.

**EIM Benefits and Charges in Power Rates**

Snohomish prefers BPA prioritize energy deployment and allocation of EIM net dispatch benefits assuming balancing reserves are used first.

As discussed in Snohomish's August 14 Comments and the Slice Customer Group's August 12 Comments, Snohomish supports BPA treating both energy and capacity as an off-the-top obligation and sharing the EIM net dispatch benefits and energy impacts associated with balancing reserves with Slice customers (i.e. "off-the-top" Option 1). Under that option, BPA has shared three potential methods for separating the net dispatch benefits and energy deployments associated with balancing reserves from the net dispatch benefits associated with non-slice inventory.

Snohomish supports the methodology in which balancing reserves are assumed to be deployed first, followed by non-slice inventory. Although BPA has stated that it would not explicitly differentiate between balancing reserves and non-slice inventory in its offers, deploying balancing reserves first most closely reflects Snohomish's understanding of BPA's planned participation in the EIM. It is our understanding that BPA would generally offer balancing reserves in all hours, whereas BPA would have more discretion as to when to bid in additional non-slice inventory to maximize the value of that inventory during highest priced times. To the extent that BPA offers its inventory into the EIM using an increasing bid curve, Snohomish would expect that the non-slice inventory would generally be offered at a higher price and therefore dispatched by the EIM only after the balancing reserves were used up.

Because of uncertainty surrounding BPA's participation in the EIM and associated benefits Snohomish requests that BPA revisit this decision for BP-24.

Allocation of internal costs associated with participating in the EIM should be shared *between* the composite cost pool and non-slice cost pool.

In the August Workshop, BPA stated that if BPA shares net dispatch benefits with Slice customers as well as non-Slice customers, then it would allocate the forecasted \$2.4 million internal costs to the composite cost pool. However, if net dispatch benefits are shared between the non-slice and composite cost pools, it is not clear to Snohomish why the internal \$2.4 million costs shouldn't also be shared between the cost pools on a similar basis.

BPA should reconsider its proposal to allocate charge codes associated with load to the non-Slice cost pool.

Under BPA’s current charge code allocation proposal, Transmission Services would sub-allocate imbalance, over/under scheduling charges, and neutrality codes to customers, including to Power Services on behalf of non-Slice load. Power Services proposes allocating these charge codes to the non-Slice cost pool, which includes both Load Following and Block customers. However, only the Load Following product would reasonably be expected to incur imbalance; Block is a fixed scheduled quantity in any hour with no uncertainty.

Snohomish understands that BPA proposes to forecast the amount of these charges and credits at \$0, so BPA may view the charges to be de minimis. Snohomish notes that while imbalance *quantities* may be expected to approach 0 MW over time, imbalance *charges* may not, given the allocation of over/under scheduling penalties and the potential for volatile EIM pricing.

Snohomish requests that BPA consider whether it is feasible to allocate these charge codes only to Load Following customers, since the Block product would not incur imbalance, over/under scheduling chargers, or neutrality codes. If this is not possible in BP-22, Snohomish requests that BPA monitor and report on the charges and credits and reconsider the decision in BP-24.

### **Gen Inputs**

#### **Snohomish does not support retaining the Persistent Deviation (PD) penalty**

Snohomish continues to prefer that the PD penalty be removed. It remains unclear why BPA requires a PD penalty when no other EIM Entity incorporates this structure. Snohomish’s experience is that PD penalties have rarely been incurred in recent years. BPA’s justification for retaining a PD penalty is not because of past violations, but to directly incentivize customers to schedule within the expected variability of scheduling practices. Rather than assume that customers require this incentivization, a better approach is to remove the PD penalty and monitor the issue. If the EIM is shown to be insufficient to incentivize accurate scheduling, then BPA can make an informed decision on whether to reinstate the PD penalty, the appropriate size of the penalty, and how to modify the windows, if at all.

If BPA does retain the PD structure, Snohomish appreciates the proposed modifications BPA has made to expand the first PD window from 3 hours to 4 hours and changing the pricing to a flat 100 mills/kWh. Snohomish also encourages BPA to consider additional adjustments to further mitigate the risk to customers of the earlier scheduling deadline. Regardless of the alternative selected by BPA, BPA should revisit this decision in BP-24 after BPA and customers have gained some market experience.

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Snohomish wishes to thank BPA staff for their efforts associated with the August Workshop and the September customer-led workshops, and looks forward to continued engagement throughout the remainder of the stakeholder process. Please feel free to contact us with any questions about these comments.