

COMMENTS OF THE WESTERN PUBLIC AGENCIES GROUP REGARDING BP-22/TC-22/EIM PHASE III APRIL 28TH WORKSHOP

The utilities comprising the Western Public Agencies Group (“WPAG”) appreciate this opportunity to comment on select topics presented by the Bonneville Power Administration (“BPA”) at its BP-22, TC-22 and EIM Phase III workshop held on April 28, 2020.

1. EIM Charge Code Allocation - Base Codes

The WPAG utilities are generally supportive of BPA’s proposal to suballocate the EIM base codes. Suballocation of these codes should capture and allocate the majority of BPA’s EIM related costs consistent with both cost causation and BPA’s existing framework for its energy imbalance and generator imbalance services.

2. EIM Charge Code Allocation – Scheduling Penalty Codes

The WPAG utilities are also generally supportive of BPA continuing to explore suballocation of the EIM’s over/under scheduling penalty codes. However, we recommend that in its development of an initial suballocation proposal that BPA consider options other than the directional measured demand methodology previously approved by FERC. That approach performs poorly against cost causation principles by allocating the costs of the penalty based on the size of a customer’s demand rather than the size of the customer’s deviation from its schedule, the latter of which being the factor that would cause BPA to incur the penalty in the first instance.

In addition, CAISO’s tariff indicates that over/under scheduling penalty codes would only apply when the metered demand in BPA’s balancing authority area (“BAA”) deviates from the EIM Base Schedule of Supply for BPA’s BAA above or below certain thresholds.¹ There does not appear to be a similar penalty under CAISO’s tariff for when metered supply in the BAA deviates from the EIM Base Schedule of Supply/Demand. This seems to indicate that the over/under scheduling penalty under the EIM will trigger and be based solely on the collective energy imbalance within BPA’s BAA, and that the generation imbalance of resources within the BAA would neither cause nor contribute to BPA incurring the penalty. Nonetheless, BPA’s April 28, 2020 presentation indicates that “all *generation* and load serving entities in the BAA have the potential to impact the outcome of the Over/Under Scheduling Penalty.”² If BPA is correct that generation has the potential to impact the penalty, then a proposal to allocate penalty related costs based solely on measured demand would fail cost causation principles. We respectfully request that BPA revisit this issue when it releases its initial allocation proposal for the over/under scheduling penalty in a future workshop. Examples of how and when loads and/or resources would trigger or contribute towards the penalty would be appreciated.

Finally, the rate schedules for BPA’s energy imbalance service currently includes deviation bands, which either increase a transmission customer’s charges or reduce its credits under BPA’s energy imbalance service based on the size of its deviation from its schedule. The

¹ CAISO Tariff §§29(d)(1)-(2).

² TC-22, BP-22 and EIM Phase III Customer Workshop at 32 (April 28, 2020).

purpose of the deviation bands is to incent customers to submit more accurate schedules. It appears that BPA's proposal to suballocate over/under scheduling penalties is intended to achieve a similar, if not the same, purpose. Accordingly, in its development of its suballocation methodologies for the base codes and over/under scheduling penalty to load, we suggest that BPA consider either retaining the deviation bands under the energy imbalance rate schedule or suballocate the over/under scheduling penalty, but not both.

3. EIM Charge Code Allocation – Neutrality Codes + Congestion Offset Code

As stated in previous comments, the WPAG utilities are supportive of BPA taking a phased approach to EIM charge code allocation. While we support BPA's proposal to further explore allocation of the base codes and over/under scheduling penalty, we recommend that BPA reconsider its proposal to also suballocate the neutrality and congestion offset codes. While suballocation of the base codes and, potentially, the over/under scheduling penalty have analogues within BPA's current rate schedules, suballocation of the neutrality codes and congestion offset codes do not. This is particularly true under the FERC approved allocation methodology, which would allocate these new costs to BPA's transmission customers based on measured demand for increments as small as every five minutes.

It is an open question whether BPA's use of measured demand to suballocate the neutrality codes would be appropriate and/or consistent with cost causation principles in light of the unique complexities of BPA's BAA and the diversity of its customer base. However, perhaps a bigger concern is the additional burden and cost that suballocation of the neutrality charge codes will place on utilities in order to review and process BPA's billings for each code for each five- and/or fifteen-minute increment. Such burden and cost to customers will likely be greater than BPA and many of its customers currently anticipate. Given the severe strain on resources caused by the COVID-19 pandemic, and in alignment with the established criteria for evaluation, BPA should seek to reduce rather than expand the administrative burdens its rate schedules place on its customers, and on BPA systems and staff. The decision to not suballocate the neutrality and congestion offset codes for the BP-22 rate period would help achieve this objective for the near term and allow BPA and customers to revisit this issue after we all have had more experience in the EIM for all interested parties.

4. EIM Charge Code Allocation – Billing Dispute Procedure

As BPA is aware, the EIM's process for settling EIM charge codes with scheduling coordinators is long and complicated. BPA's proposal to suballocate some of the EIM charge codes raises a number of questions regarding what, if any, changes are needed to the dispute resolution provisions in BPA's OATT and rate schedules in order to ensure that BPA and its customers preserve any and all rights to challenge erroneous EIM related charges, whether such charges are suballocated or not. We look forward to addressing this issue in future workshops.