

**COMMENTS OF THE WESTERN PUBLIC AGENCIES GROUP  
REGARDING BP-22/TC-22/EIM PHASE III  
REGARD EIM CHARGE CODE SUB-ALLOCATION**

The utilities comprising the Western Public Agencies Group (“WPAG”) appreciate this opportunity to comment on the proposals made by the Bonneville Power Administration (“BPA”) at its BP-22, TC-22 and EIM Phase III workshop held on July 29<sup>th</sup> regarding sub-allocation of Energy Imbalance Market (“EIM”) charge codes. WPAG generally supports BPA’s proposal to sub-allocate the following categories of EIM charge codes: base codes, neutrality codes, and over/under scheduling codes. BPA’s proposal balances cost causation and simplicity and is a reasonable first step into the thorny milieu of allocating EIM charge codes. With respect to each category, we offer the additional input:

**Base Codes (Charge Code Nos. 64750, 64600, 64700).** BPA should adopt its proposal to directly assign all base codes if it decides to join the EIM. This proposal is (i) aligned with cost causation and would insure that each customer is responsible for the base code costs incurred by BPA in the EIM due to the customer’s actions (rather than some proxy of that cost), (ii) consistent with the approved approach taken by other EIM entities, and (iii) likely to incent BPA’s transmission customers to adhere to good scheduling practices.

**Neutrality Codes (Charge Code Nos. 64770, 64740, 69850, 6478, 67740).** BPA proposes to sub-allocate the five neutrality codes identified using either measured demand by magnitude or imbalance by magnitude. Between those two choices, our initial impression is that imbalance by magnitude appears to be more consistent with cost causation, and therefore the more appropriate, because it sub-allocates costs to the most active participants in the market. This is in contrast to the less satisfactory measured demand alternative, which would simply sub-allocate the bulk of these costs to the largest loads in BPA’s Balancing Authority Area (“BAA”) even though such large loads may not be the cause of the costs incurred.

**Over/Under Scheduling Load Charge (Charge Code No. 6045).** BPA should adopt its proposal to allocate the over/under scheduling charge based on imbalance by direction because the proposal will allocate the cost of the penalty to the customers that cause BPA to incur it.

**Over/Under Schedule Load Allocation (Charge Code No. 6046).** BPA proposes to sub-allocate the over/under schedule load allocation based either on metered demand by magnitude or metered demand by magnitude with an imbalance threshold. Our initial leaning is that BPA adopt metered demand by magnitude with an imbalance threshold. Such a threshold will not only better incentivize individual customer scheduling accuracy in order to receive a share of the credit, but it is also more consistent with the parameters of Charge Code No. 6046, which requires BAAs to be within certain thresholds in order for the BAA to qualify for the credit in the first instance.

In addition, we further recommend that, in order to qualify for the credit, a customer must meet the threshold across all of the applicable scheduling intervals for a given trading day on the basis that this too would be required at the BAA level for BPA to receive a credit under Charge Code No. 6046.

Our preliminary recommendation is that the threshold be set at +/- 5 percent of the scheduled amount of energy or +/- 2 MW, whichever is the larger absolute value. Not only is this consistent with the parameters of Charge Code No. 6046, but it would also better ensure that both large and small customers of BPA who maintain good scheduling practices would have the opportunity to share in the credit. This is because smaller customers will likely have a harder time meeting a threshold based strictly on a percentage due to their small size notwithstanding their otherwise good scheduling behavior.<sup>1</sup>

BPA should also consider whether allocating customers a share of the Charge Code No. 6046 credit when they demonstrate persistently good scheduling practices by meeting the threshold across all scheduling intervals for a trading day could serve as a replacement to BPA's persistent deviation penalty against energy imbalance customers, particularly in light of the collective package of scheduling practice incentives that will be in place under the EIM.

**Charge Code Readiness.** Finally, although BPA sought to address cost/causation principles when determining how charge codes would be allocated to customers, we are concerned regarding the capability of customers to settle, forecast and budget for charge codes. We ask that BPA recognize that settlement of charge codes takes readiness by both BPA and customers and we seek a greater sensitivity to feasibility of implementation.

Thank you for the opportunity to comment.

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<sup>1</sup> See, e.g., FERC Order No. 888-A, 62 F.R. 12274, 12307-12308 (increasing the minimum energy imbalance under the pro forma OATT's energy imbalance service from 1 MW to 2 MW in recognition that the 1.5 percent energy imbalance bandwidth is too narrow for small utilities due to their size).