



Western Power Trading Forum (WPTF)
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Comments of the Western Power Trading Forum (WPTF) on Bonneville Power Administration's (BPA's) September 29, 2020 TC-22, BP-22, Energy Imbalance Market (EIM) Phase 3 Workshop *Submitted October 13, 2020*

WPTF is a California nonprofit, public benefit corporation. It is a broad-based membership organization dedicated to enhancing competition in Western electric markets, while maintaining the current high level of system reliability. The membership of WPTF includes generators, power marketers, energy service providers, financial institutions, energy consultants, and utilities. WPTF's membership actively participates in electric power markets in the West and across the country. WPTF supports competitive power markets and has long advocated for the development of new markets, such as the EIM, in the West.

WPTF appreciates this opportunity to comment on the topics discussed during BPA's September 29th TC-22, BP-22 and EIM workshop. These comments focus on the EIM charge code allocation proposal that was presented by Powerex during that workshop. WPTF supports further consideration and exploration of the proposed approach to allocation of congestion costs, with an initial focus on the feasibility of implementing the proposal for the constrained Southern Intertie. WPTF also supports additional industry discussion on how firm transmission rights can be respected in the context of the broader EIM. Powerex's proposal may be a good starting place for that type of industry discussion.

In prior comments on BPA's EIM workshops, WPTF has highlighted concerns with charge code allocation proposals which would not sub-allocate EIM charge codes to individual customers. The primary concern was that failure to allocate charge codes to customers could eliminate the financial incentives provided by the EIM and could even incent customer behavior that would increase BPA's overall EIM charges. WPTF continues to support charge code allocation that is in line with cost causation but recognizes that the current "standard" EIM cost allocation approach, used by most other EIM Entities, deserves revisiting and reconsideration following more than six years of EIM operational experience.

Powerex's most recent proposal regarding charge code allocation highlighted some of the problems with the "standard" EIM charge code allocation practices for transmission schedule changes that occur after T-57. The "standard" EIM practices generally do not properly allocate net costs to those causing them, can be in conflict with Open Access Transmission Tariff (OATT) priority, and result in over-collection of congestion costs at the BAA level. Thus, WPTF would support a broad industry discussion between BPA, other EIM Entities, and CAISO on these issues. That broad industry discussion should explore, in part:

- How to respect firm transmission rights in the context of the EIM; and
- Improved approaches to the redistribution of over-collected congestion costs (which could be implemented across the EIM footprint)



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As it relates to BPA's own implementation of the EIM, WPTF supports additional discussion and consideration of the impacts of Powerex's proposal through future BPA-hosted workshops. Even if the solution ultimately agreed upon through those workshops cannot be implemented on "day one" of BPA's EIM participation, the additional consideration of this issue will benefit BPA and its customers and may allow for an improved process for congestion cost allocation to be implemented in a more timely manner than would be possible if these workshops do not occur.

As BPA considers facilitating these types of workshops, we suggest it consider segmenting the discussion into two separate topics:

- Implementation of the proposed congestion cost allocation approach on the BPA interties (with a focus on the Southern Intertie)
- Implementation of the proposal on the broader BPA network

This approach makes sense because there are different considerations and interactions on the interties and on the network. With respect to the Southern Intertie, Powerex notes that problems with the standard EIM's congestion cost allocation mechanisms are exacerbated because "*the application of EIM imbalance charges to schedules after T-57 would completely nullify the value of Firm transmission to support CAISO intertie bids in the HASP or FMM.*" Given that the Southern Intertie is likely is the most frequently congested path on BPA's system and the path where OATT priority is arguably most important, addressing congestion costs under the EIM for this intertie may be most critical. Following additional stakeholder review and consideration, adoption of this proposal on the Southern Intertie could also be considered as a "first step" or "test case" for alternative congestion cost treatment in the EIM.

In considering implementing the proposal across the BPA network, a broader industry discussion which includes other EIM Entities and CAISO is warranted to evaluate potential seams, more fully evaluate the impact on non-firm transmission schedules, and explore whether there are market mechanisms that could be put in place to allow non-firm transmission rights holders to elect to have their schedules curtailed when congestion costs reach a certain level. Thus, the implementation of the proposal on the BPA network should be explored separately than on the Southern Intertie.

Conclusion

While there appears to be merits to Powerex's proposal for addressing congestion under the EIM, additional discussion and evaluation of the potential impacts and unintended consequences is appropriate before moving forward with its implementation.

We hope BPA will establish a working group or a series of workshops to explore congestion costs in the EIM in more detail. While we recognize that a solution arrived at through these working group meetings is unlikely to be able to be implemented in time for the beginning of BPA's EIM participation, initiating discussions on this topic in a



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timely manner will provide significant benefits by positioning BPA and its customers to implement potential solutions sooner rather than later.

WPTF encourages BPA to follow through with additional exploration of Powerex's proposal on EIM charge code allocation, perhaps starting with workshops on the feasibility of implementing this proposal only on the Southern Intertie and then expanding to potential implications of its use on the full BPA network. WPTF looks forward to an opportunity to work with BPA's team, Powerex, and other stakeholders to explore these issues in more detail.