



Western Power Trading Forum (WPTF)
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Comments of the Western Power Trading Forum (WPTF) on Bonneville Power Administration's (BPA's) Energy Imbalance Market (EIM) Phase III Decision Document

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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 BPA's "[Phase III Decision Document](#)." The document outlines four proposed EIM policy positions. WPTF's comments are limited to the BPA's proposal regarding the timing of non-federal resource participation.

Basing A Resource's Ability to Participate in the EIM (or any other Market) on the Owner/Operator of that Resource is Discriminatory and does not Provide Necessary Fair and Equitable Access to the Market

WPTF appreciates that BPA has recognized that non-federal generation resources within its balancing authority area will have the ability to participate in the EIM. However, WPTF is extremely concerned about the precedent that would be set by BPA's proposal to delay the timing of EIM participation for a subset of resources, based solely on the ownership model of the resource. Contrary to BPA's assertion, no other EIM Entity that WPTF is aware of has restricted a third-party resource's ability to participate in the EIM or delayed the timing of such participation. Instead of restricting EIM participation based on a generator's ownership structure, WPTF encourages BPA to work with the generators within its balancing authority to understand the magnitude of expected resource participation at EIM go-live. It is possible that no resource plans to participate initially and BPA could avoid implementation of this problematic policy. As a matter of principle, BPA should ensure that all resources will have the option to participate in the EIM from day-one, even if (in practice) that option is not utilized from day-one.

BPA is proposing that, due to the complexity of system implementation issues, non-federal generator participation in the EIM should be delayed for six months after the initial EIM go-live date. From a principle perspective, WPTF strongly opposes any rules or policy positions that would restrict a resource's ability to participate in an organized market (or delay the timing of a resource's ability to participate in a market) based on who owns that resource. Doing so is unduly discriminatory and does not provide fair and open access to the EIM. WPTF is also concerned that restricting market access, based solely on a resource's ownership, would set a troubling precedent for future market



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implementations, such as the Extended Day-Ahead Market (EDAM) in which fair and equitable access to the market may be even more important than in the EIM. WPTF encourages BPA to find other solutions to the complexity associated with potential non-federal resource EIM participation, as discussed more below.

BPA's Phase III Policy Decision Document states that BPA is "*unaware of any other EIM entity that enabled third-party participating resources at the outset.*" However, based on WPTF's participation in other EIM stakeholder processes, quite the opposite is true. As far as WPTF is aware, ***every EIM Entity has enabled third-party resource participation in the EIM starting at the "go-live" date for the market.*** It is true that, while third-party resources have had the ability to participate in the EIM upon EIM implementation in other EIM Entity areas, they generally have not registered as EIM Participating Resources initially (and there is relatively little third-party resource participation in the EIM, even today). Had other EIM Entities proposed such a restriction on EIM participation based on the resource's ownership, it very likely would have been rejected by the Federal Energy Regulatory Commission (FERC) as being unduly discriminatory. Organized market structures require non-discriminatory access to the market and BPA should adhere to this principle of open access in its own implementation of the EIM. If BPA moves forward with this policy proposal it would actually be the ***first EIM Entity to restrict or delay EIM resource participation based on the ownership of the resource and it would set a concerning precedent for BPA and other entities to potentially discriminate against certain types of resources' participation in future markets, like EDAM.***

While in other EIM Entity areas, EIM Participating Resources status has generally been open to all resource types and ownership models, there has typically not been significant third-party resource interest in becoming an EIM Participating Resource at the onset of EIM participation. WPTF recognizes that there may be additional complexities associated with non-federal resource participating in the EIM. But rather than implement a blanket restriction on their participation for six-months through a policy position that could be viewed as discriminatory, WPTF suggests that BPA survey potential third-party EIM participating Resources in its BAA to determine the level of interest in becoming an EIM Participating Resource beginning at initial EIM implementation. It may be that there are no generators interested in participating in the EIM initially. In which case, BPA could avoid implementing this problematic policy position, but could avoid immediately addressing the complexities associated with third-party resource participation. If, however, there are third parties that wish to become EIM Participating Resources beginning when BPA goes live in the EIM in 2022, WPTF encourages BPA to begin working with those customers to find solutions that will allow third-party participation to occur, including creative solutions which may help reduce the initial complexity of their participation at the onset.

As discussed herein, WPTF is concerned that this aspect of BPA's proposal is discriminatory and sets a concerning precedent for excluding certain types/owners of



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generation resources from market participation. Additionally, WPTF is concerned that by delaying third-party resource participation in the EIM, BPA is excluding these resources from one, potentially important, risk mitigation tool they may wish to avail themselves of to prevent price exposure to the EIM: that is the ability to submit inc and dec bids into the EIM for their own resources.

WPTF urges BPA to not move forward with the proposed delay of non-federal resource participation due to the discriminatory nature of such a policy, the concerning precedent it would set for restricting resources ability to participate in what should be a market with fair and open access, and the fact that doing so would eliminate, for a subset of customers, an important tool for mitigating EIM price exposure and EIM cost allocation exposure. As an alternative, WPTF suggests that BPA work proactively with customers to determine whether there is an interest in becoming an EIM Participating Resource at the initial go-live. If there is not, then BPA can proceed without implementing this policy restricting resource participation in the EIM. If there are generators that do plan to participate in the EIM at "go-live", then BPA and CAISO should work to address solutions to enable their participation.

While WPTF recognizes that implementation of third-party resource participation may be complex, part of participating in an organized market structure, such as the EIM, is offering non-discriminatory access to such a market. If BPA cannot offer access to the market, it begs the question whether BPA is truly ready to enable the EIM in its footprint. BPA should ensure it can offer, the ability to participate in the EIM to all those interested prior to entering the market. Additionally, CAISO should be doing everything in its power to ensure that all EIM Entities are offering fair and non-discriminatory access to the markets it operates and oversees.

Conclusion

WPTF appreciates the opportunity to provide BPA with comments on the Phase III Policy Decision Document. WPTF hopes that BPA can work to implement a different solution to EIM resource participation, one which is non-discriminatory and does not base the ability to participate in the market on the resource's ownership structure.