

August 14, 2020

Via Electronic Submission

Elliot Mainzer
Administrator and Chief Executive Officer
Bonneville Power Administration
911 NE 11th Avenue
Portland, OR 97232

Re: Rate Design/EIM Charge Code Allocation

Dear Administrator Mainzer:

The Alliance of Western Energy Consumers (“AWEC”) appreciates the opportunity to provide feedback regarding Bonneville Power Administration’s (“BPA or “Agency”) July 30, 2020 and August 12, 2020 presentations on Transmission Rates: Rate Design/EIM Charge Code Cost Allocation Implementation. Specifically, AWEC addresses the following topics below: Sub-allocated Charges; Unallocated Charges; and EIM Benefits and Charges in Power Rates. AWEC acknowledges the substantial effort BPA made in engaging with stakeholders on these topics. The scenarios and examples provided by BPA Staff were illuminating and helpful. However, additional time is required to adequately process the information and extrapolate the examples provided to our members’ situations. As a result, further discussion of these topics may be necessary at a future customer-led workshop.

Sub-allocated Charges

BPA recommends sub-allocating a set of base EIM charges, specifically the Fifteen Minute Mark (“FMM”) Instructed Imbalance Energy (“IIE”), Real Time Dispatch (“RTD”) Instructed Imbalance Energy (“IIE”), and Real Time Dispatch (“RTD”) Uninstructed Imbalance Energy (“UIE”). BPA Staff proposes to convey these charges to customers as a direct assignment of the granular customer-level detail resulting in the CAISO settlement with BPA. It is our understanding that these imbalance charges essentially replace the Energy Imbalance (“EI”) and Generation Imbalance (“GI”) charges assessed today. Additionally, as discussed in the workshop, certain behind-the-meter resources that are not currently assessed as GI could be subject to the proposed EIM charge codes in the future. AWEC supports assigning these base codes so as to pass along more efficient market price outcomes. Direct assignment of the EIM IIE and UIE charge codes is consistent with our August 12, 2020 comments discussing Generation Inputs: Energy Imbalance/Generation Imbalance Service Rates, in which we recommended Alternative 3.

BPA presented two methods for sub-allocating the neutrality charges using measured demand by magnitude or imbalance by magnitude. The neutrality charges include the following: Real Time (“RT”) Imbalance Energy (“IE”) Offset, RT Unaccounted for EIM Energy Settlement, RT Marginal Losses Offset EIM, RT IE Offset, and RT Congestion Offset EIM. Further discussion is needed in order to connect the base charges and the two recommended methods for allocating neutrality codes and better understand the tradeoffs between the two methods.

Ultimately, the method BPA chooses to move forward with must align with the principle of cost causation. It is clear from the discussion and examples provided that implementing measured demand by magnitude would produce outcomes where one may be allocated charges and/or credits even if they do not produce imbalance—rather than allocating the codes based on imbalance by magnitude. It is our understanding that allocating a customer a share of the neutrality codes when they are not assigned imbalance would break the connectivity to the IIE and UIE codes intended to be inherent in these neutrality codes and further suggest that others are not getting “enough” offsets to harmonize the pricing structure. As such, AWEC requests further discussion of these alternatives to better understand the implications.

AWEC currently does not oppose BPA Staff’s recommendation to allocate the under/over schedule load charge based on imbalance by direction as it would then accrue to those causing the penalty. BPA Staff further recommended allocating the under/over schedule load allocation charge code based on metered demand by magnitude. While such an approach appears to have merit given that it spreads the credit across customers based on proportion of metered load, additional discussion of the interconnectivity between these codes is essential in order to better understand the implication, if any, of different allocating methods between these codes.

Further, it appears that under/over schedule load allocation charge code (6046) would be a credit coming to BPA. BPA’s intention to possibly include an imbalance threshold so as to concentrate the credit to those who stay within a prescribed imbalance deviation of schedule is appreciated. However, we are not yet convinced of the propriety of using metered demand by magnitude with imbalance threshold.

Unallocated Charges

During the July 30th and August 12th workshop, BPA provided additional details of the remaining EIM Charge Codes not currently proposed to be sub-allocated. In alignment with our previous comments, AWEC generally supports delaying further sub-allocation of the additional charge codes and phasing in such codes in a future rate case. However, it is vital that BPA adopt as much of the EIM structure as possible in order to ensure the appropriate codes tie together. According to BPA Staff, in the absence of allocating the remaining charge codes, some codes are forecastable whereas others are not. Accordingly, BPA Staff presented two options for

consideration: 1) Risk Assessment: Integrate into Risk Assessment for Transmission, and 2) Forecast Options: With the uncertainty in ranges, could forecast as zero and could develop a nominal forecast amount around expectations. It is appropriate and reasonable that BPA explore a combination of including both a nominal forecast amount in some instances and a zero forecast in other instances. Further, BPA should consider assessing the risk for costs that are both forecastable and not forecastable.

EIM Benefits and Charges in Power Rates

The following comments supplement AWEC's August 12th comments addressing EIM benefits assumed in Rower Rates. Previously, AWEC advocated for BPA Staff to develop a model that estimates the dispatch benefits for rate case purposes. However, it is understandable if BPA Staff does not have the capacity to develop such a model in time for the BP-22 rate case. We further recommend including some estimate higher than the \$2.4 million currently proposed. It appears the simplest approach would be to base the estimate off a discount of the E3 study estimate. Further, this estimate should be updated with the final studies once more is understood about EIM participation.

AWEC's August 12th comments address a reevaluation of risk tools to acknowledge BPA's possible conservative approach towards EIM benefits. As such, BPA has stated that any incremental benefits would pass through to customers by means of less exposure to risk mechanisms such as the Cost Recovery Adjustment Clause or Financial Reserves Surcharge ("FRS"). We would like to explore ways to bolster this notion further. For example, in the event that BPA includes a low estimate of EIM benefits in rates and then has a favorable experience in the EIM, the FRS should be waived if such incremental dispatch benefits are above a predefined level. In the alternative, BPA should provide a mechanism to credit back customers those incremental dispatch benefits through an EIM benefit dividend clause. AWEC looks forward to further collaborating with BPA on this issue in order to maximize EIM benefits for the Agency and its customers.

/s/ John Carr
Executive Director
Alliance of Western Energy Consumers