



Energizing Life in Our Communities

April 24, 2019

Submitted via email to: techforum@bpa.gov

Subject: Comments of Public Utility District No. 1 of Snohomish County on BPA's April 10, 2019 EIM Stakeholder Meeting

The Public Utility District No. 1 of Snohomish County (Snohomish) appreciates the opportunity to submit comments in response to Bonneville Power Administration's (BPA's) April 10, 2019 Energy Imbalance Market (EIM) Stakeholder Meeting. Snohomish thanks the agency for its workshops, outreach and efforts to date to keep customers informed as the business case analysis evolves as to whether BPA should join the EIM.

I. EIM Stakeholder and Decision-making Process

Snohomish greatly appreciates the additional opportunity for stakeholder engagement and comment that BPA has incorporated into its stakeholder process with the addition of the draft and final closeout letters proposed for October through December 2021. We also wish to thank BPA staff for its overall responsiveness to customer concerns and requests surrounding the process, resulting in the evolving "EIM Issues and Venues Matrix".

With regard to the current milestone of the July 2019 Letter to the Region, Snohomish would benefit from a BPA summary of preliminary leanings on the various policy decisions listed on the Issues and Venues matrix that are expected to be addressed in the 2019 Record of Decision (ROD). The monthly EIM workshops have covered a broad range of topics, and not all topics were covered in such a way that stakeholders could grasp what the matrix now indicates to be a BPA policy determination. A high-level summary of the key policy determinations would further customer understanding ahead of the Letter to the Region and subsequent ROD.

Snohomish would also welcome clarification on next steps associated with the listed policy implementation decisions scheduled for the October 2019 through August 2020 period. We recognize that BPA is internally working through the many details associated with a decision to join the EIM. Our request is that BPA consider how it might incorporate an appropriate level of background and context for the upcoming set of policy issues that can be shared with stakeholders to foster further discussions within the region prior to BPA making an initial policy determination.

Finally, Snohomish raised at the April 10 workshop its interest in understanding the expected forecasting methodology and scheduling metric for the BPA Balancing Authority for variable energy resources (VERs) that today utilize BPA's Super Forecast. We recommend that forecasting of VERs be added to the Issues and Venues matrix.

II. Treatment of Carbon

Snohomish supports BPA's current practice of using its ACS emission factor determined by the California Air Resources Board for the purposes of reporting emissions content associated with EIM Transfers or market sales imported into California and agrees with BPA that this is the appropriate emissions factor representing a "system" rather than a generation resource specific sale. Any effort to parse the federal system to enable unit specific (and carbon-free) resources to be sold to California would have us very concerned about unintended effects on our fuel mix in Washington (more below). Snohomish appreciates BPA's transparency and the challenges associated with having to engage third-parties to make EIM Transfers. We agree with BPA's intention to utilize the bid flag to opt out of making EIM Transfers directly to the California Independent System Operator (CAISO) unless or until the Agency receives a Congressional waiver allowing it to participate in California's cap-and-trade program.

Snohomish recognizes this current state for BPA may represent a loss of one value stream of EIM participation – but that several others remain – including increased sales of energy via EIM Transfers from BPA to non-CAISO EIM Entities, increased purchases of low-priced energy via EIM Transfers from external BAAs into BPA, potential efficiency benefits of CAISO's real-time optimization, and any improvements realized through EIM-related Grid Modernization efforts. Snohomish requests BPA include in its cost-benefit analysis two separate scenarios: (1) joining the EIM with no Congressional waiver; and (2) joining the EIM with a Congressional waiver. We suggest that BPA should compare each to the base case so that stakeholders can understand the effect of BPA joining the EIM without the ability to make direct EIM Transfers to CAISO.

Finally, as noted above, Snohomish observes from the carbon discussions at the April 10 workshop that there are other carbon-related topics in need of discussion. Snohomish requests BPA consider the treatment and impacts of any EIM Transfers to BPA on BPA's system fuel mix, particularly in light of clean energy legislation efforts in both Washington and Oregon. For this reason, Snohomish requests these topics be added to the Issues and Venues matrix so BPA and customers can better understand how carbon from EIM Transfers would be treated with multiple carbon/clean energy frameworks.

III. BPA Contractual Commitments

From discussions to date and as shown on the Issues and Venues matrix, Snohomish understands BPA intends to share its final determination on whether participation in the EIM is consistent with BPA's statutory and its contractual obligations in the July 2019 Letter to the Region and

ROD. While Snohomish fully supports this effort, we are concerned about unintended effects given the uncertainty and complexity of BPA joining the EIM on BPA's various contract types and customers. At this time, Snohomish believes there could be benefit from mutual-interest based discussions regarding changes/tweaks to contracts that could significantly reduce BPA uncertainty and increase financial benefits. One example is the current mismatch between BPA's current scheduling timeline for its Slice product and the EIM base schedule deadlines. BPA has stated that the CAISO may one day adjust its EIM Entity base schedule timing from its current practice of T-40 to T-30 – which aligns with the Slice product today. But, the certainty of such a change being made and timing of same is not clear to Snohomish. Snohomish is hopeful that BPA will consider collaborating with customers to leverage what may be “simple opportunities” that could result in greater benefit for BPA and its customers who contract with BPA for various power products and schedule delivery of nonfederal resources to serve preference load within the BPA Balancing Authority Area in the event it transitions to becoming an EIM Entity.

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We look forward to continuing to engage with BPA staff at both the regional and customer level as it conducts its assessment and EIM stakeholder process.

Sincerely,



Tom DeBoer
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Generation, Power, Rates & Transmission Management