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Submitted via email to: techforum@bpa.gov

RE: Comments on BPA's determination of a Sound Business Rationale for joining the Western EIM

Clatskanie People's Utility District (Clatskanie) hereby submits comments in response to Bonneville Power Administration's (BPA) request for feedback on its April 10, 2019 EIM Stakeholder Meeting.

Clatskanie supports the EIM decision-making process presented at the April 10, 2019 stakeholder meeting.

Clatskanie appreciates BPA's additional clarity on its EIM decision making process. The addition of a close-out letter which addresses a final decision on whether to join the EIM after the policy implementation decisions is a testament to BPA staff's willingness to engage with stakeholders, acknowledge valid concerns, and incorporate reasonable measures to address them.

Clatskanie is eager to collaborate with BPA and other stakeholders on the development of principles for evaluating BPA's decision to join the EIM.

The April 10, 2019 stakeholder meeting included a matrix of EIM Issues and Venues where topics will be addressed, including the topic of BPA's EIM Principles Development and Evaluation. Clatskanie appreciates the opportunity to comment on the principles that should be used to evaluate BPA's decision to join the EIM. The four principles BPA has been using to consider signing the EIM Implementation agreement is a good starting point, but further review is necessary given the revised purpose.

The final decision on the Cost Benefit Analysis should not be made until implementation policies are decided.

The matrix of EIM Issues and Venues presented at the April 10, 2019 stakeholder meeting included the final decision on Cost Benefit Analysis made in the 2019 Letter to the Region and Record of Decision. A Cost Benefit Analysis with the scope identified in the April 10, 2019 stakeholder meeting is an important

informative piece for BPA to use to evaluate moving forward with signing the implementation agreement, but must be considered preliminary until BPA has finalized its policy implementation decisions.

There are several policies with outstanding implementation decisions that could have a material impact on the costs and benefits BPA can reasonable expect to realize through participation in the EIM. For instance, the decision on how to implement sub-BAA level Resource Sufficiency may either (1) reduce the amount of reserves BPA has available to participate in the EIM, or (2) add administrative costs in order for BPA to sub-allocate its obligations. BPA's choice of policy will change the overall balance of costs and benefits, and its decision won't be finalized until after the 2019 Letter to the Region and Record of Decision. This is only one example of how BPA's policy decision will impact the Cost Benefit Analysis, and one of many reasons why the final decision with regard to the Cost Benefit Analysis should be postponed until after the policy decisions are finalized.

BPA's consideration of a sound business rationale for joining the EIM should take into account the commercial and operational impacts joining may have for the products and services BPA sells under its existing long-term contracts.

A cost benefit analysis that estimates greater net secondary benefits to BPA by joining the EIM is not sufficient evidence that joining is a sound business decision. BPA's revenue requirement is primarily met through sales made under long-term contracts, and the impacts to those products and services must be evaluated in the determination of whether joining is in BPA's best interest.

Clatskanie expects that the considerations BPA uses to determine whether or not there is a sound business rationale for BPA to join the EIM will include, but is not limited to:

1. The costs and benefits of joining the EIM that BPA can reasonably be expected to realize — as finalized after the policy decisions are implemented;
2. An evaluation of the commercial and operational impacts of joining on the products and services BPA provides under its long-term contracts;
3. Consideration of any asymmetric harm participation may have on customer groups based on their products, services, or geographic location; and
4. Consideration of whether participation is consistent with the Tiered Rate Methodology and with continuing to offer (including post-2028) the products and services established in the Regional Dialogue Contracts.