

NIPPC comments BPA EIM/TC-22/BP-22 workshop on 2/25
Deadline for comments March 10

BPA's workshop on January 28 covered the following topics:

Regional Planning Organization

NIPPC recommends that BPA revise its Attachment K to reflect its participation in Northern Grid's regional planning process. This would align BPA with the jurisdictional entities participating in Northern Grid. It would also ensure that any future changes to the BPA regional planning process would go through BPA's transmission tariff revision process (including a robust stakeholder process) as opposed to the risk that simply citing to an external website could allow changes to the planning process to take place with no prior notice or stakeholder input.

Creditworthiness

BPA should move its Basic Creditworthiness Standards from OASIS to a tariff Attachment. This would align BPA with the FERC *pro forma* tariff.

EIM Charge Code Allocation

BPA is in the middle of a years long process to align its transmission tariff with the FERC *pro forma* OATT. At the same time, BPA is seeking to join the EIM which requires new tariff language. NIPPC suggests that the starting point for determining how and whether to allocate EIM charge codes directly to customers should be the FERC approved sub-allocation model. As BPA seeks to eliminate deviations from the OATT that have crept into its tariff, BPA should set a high bar for deviations from industry standards related to the EIM that FERC has reviewed and approved. By deviating from the FERC approved norms of the EIM, BPA creates a risk of unintended consequences resulting from its decisions to insulate customers from the market signals provided by the EIM — especially when BPA's neighbors are not insulating their customers from those price signals. By not directly allocating charge codes to customers, BPA creates a risk that customers who adapt quickly to the new market structure will have to share their benefits with customers who are slower to adapt. Seams between BPA and other EIM participants may have other unintended consequences for BPA and/or its customers.

NIPPC suggests that BPA apply the same analysis it uses to consider deviations from the *pro forma* transmission tariff to an evaluation of whether BPA should deviate from the FERC approved sub-allocation of EIM charge codes. As a reminder the criteria for deviations from the FERC *pro forma* are:

Consistent with the BPA 2018-2023 Strategic Plan and Transmission Business Model, BPA plans to propose a tariff that is consistent with the FERC *pro forma* tariff to the extent possible. BPA will consider differences from the FERC *pro forma* tariff if the difference is necessary to:

1. Implement BPA's statutory and legal obligations, authorities, or responsibilities;
2. Maintain the reliable and efficient operation of the federal system;

3. Prevent significant harm or provide significant benefit to BPA's mission or the region, including BPA's customers and stakeholders; or
4. Align with industry best practice when the FERC pro forma tariff is lagging behind industry best practice, including instances of BPA setting the industry best practice.

NIPPC is not necessarily suggesting at this time that BPA should adopt the FERC approved sub-allocation. Rather NIPPC suggests that the starting point should be the FERC approved sub-allocation and that each proposed deviation should be considered only after a careful review and application of BPA's standards for tariff deviations.

Generation Inputs

NIPPC appreciates that BPA has begun to address generation inputs issues into the TC-22/BP-22/EIM workshop process.

NIPPC recommends that BPA and its customers agree to a set of principles with regard to generation inputs for TC-22.

As a starting point, NIPPC suggests that the following principles should be incorporated:

- Joining EIM should not put upward pressure on the generation inputs component of any rate
- BPA's ancillary services customers should not be worse off under EIM

The EIM is an energy market. Generation input is a component of BPA rates that incorporates the cost of capacity set aside to provide a needed service. While EIM requires balancing areas to have sufficient capacity in order to participate in the EIM, EIM does not mandate a capacity obligation or include capacity products in its market.

In weighing whether to join the EIM, BPA noted that participation in EIM could provide benefits as follows:

- More efficient congestion management
- Optimized day-to-day operation of the power system
- Transmission expansion investment decisions

NIPPC notes that none of these benefits appear to extend to the generation inputs component of any BPA rates.

BPA has also suggested that some of the mechanisms that customers and BPA have developed to reduce the quantity of reserves that BPA must hold (and the rate that customers must pay) will no longer be available if BPA joins the EIM. Specifically, it appears that the 30/60 and 30/15 committed scheduling elections will not work with the EIM timelines. NIPPC is concerned that eliminating these election options will increase the capacity that BPA must set aside for reserves and increase the rates that ancillary services customers will have to pay.

As the Administrator noted in the Record of Decision related to EIM Participation, the EIM is not a capacity market and does not compensate BPA for the value of its flexible, carbon free capacity. NIPPC notes that ancillary services customers do compensate BPA for the value of capacity. Furthermore, it appears that the capacity set aside to meet the needs of BPA's ancillary services customers (and for which those customers are compensating BPA) will be (in full or in part) used in the EIM to derive all the remaining benefits listed in the Record of Decision.

NIPPC suggests that it is inappropriate for ancillary services customers to compensate BPA for capacity but not share financially in any benefits that come from deployment of that capacity into the EIM. NIPPC encourages BPA staff to develop a mechanism that allows ancillary services customers to share in the benefits of the EIM.

Generator Interconnection

NIPPC supports implementation of Order No. 845.

NIPPC seeks more information regarding the proposal to “streamline” repowering of existing generation projects. A streamlined interconnection process implies that repowering an existing generation project could result in lower costs or shorter study timelines for an interconnection request to repower existing projects over an interconnection request for a new generation project. This streamlined interconnection process appears to be a deviation from the *pro forma* and outside the scope of the Order No. 845 reforms.

NIPPC encourages BPA to apply its tariff deviation analysis to any proposal to “streamline” repowering of existing projects. NIPPC is concerned that any deviation from the *pro forma* that would allow existing projects to “jump” the interconnection queue might discriminate against new interconnection requests in favor of interconnection requests submitted by existing customers.