

March 31, 2020

Via email:

techforum@bpa.gov

U.S. Department of Energy
Bonneville Power Administration
Transmission Services

Re: Comments and Questions of Avista Corporation, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. on BPA's March 17, 2020 TC-22, BP-22 and EIM Phase III Customer Workshop on Type of Transmission for EIM Transfers

Avista Corporation, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. ("Commenting Parties") submit the following feedback on the topic of EIM Transmission usage on BPA's Network arising out of the BPA March 17, 2020 TC-22, BP-22 and EIM Phase III Customer Workshop presentation.¹ Commenting Parties support additional exploration and discussion of Alternatives 1 and 2, and offer the following questions and comments for further review and clarification by BPA.

1. **BPA should address any potential seams issues that may be caused by non-firm donations.** Several EIM entities in the Northwest per their tariffs require customers to donate firm transmission when the Interchange Rights Holder (IRH) method is used to establish a Dynamic ETSR. If BPA allowed customers to donate firm and non-firm transmission to the EIM using the IRH approach (Alternative 2), there may be situations where the non-BPA side of the Dynamic ETSR employs the IRH method using firm transmission, while the BPA side will have non-firm transmission.
 - a. Could BPA elaborate on any seams issues that may be caused by this mismatch in transmission service priorities, especially across congested flowgates such as North of Echo Lake and South of Allston?
2. **As BPA has recognized,² Alternative 2 appears misaligned with BPA's current unlimited offering of non-firm transmission service.** Because BPA offers non-firm transmission on an unlimited basis, Commenting Parties are concerned that Alternative 2 could lead to excessive transmission service donations, which, in turn, could hamper EIM performance in the process.
 - a. If Alternative 2 were chosen, Commenting Parties encourage BPA to further explore implementation and operational issues, including non-firm MW limitations and the suggested Hourly NF AFC Pilot Program.³
3. **Alternative 2 could subject customers to additional curtailment charges solely because the donated transmission is lower in curtailment priority.** BPA should address whether, and to what extent, curtailments unrelated to EIM dispatches would increase costs on customers donating curtailed transmission to the EIM within the Alternative 2 framework.

¹ Bonneville Power Admin. *TC-22, BP-22 and EIM Phase III Customer Workshop* (March 17, 2020), available at <https://www.bpa.gov/Finance/RateCases/BP-22-Rate-Case/Documents/17Mar20%20-%20Main%20Tarrif-Rates-EIM%20Workshop.pdf> (hereinafter "March 17, 2020 Presentation").

² *Id.* at Slide 53.

³ *Id.* at 138.

4. **Alternative 1 can be facilitated through the hourly firm product.** Robust and effective EIM participation through the Alternative 1 (firm donation only) framework can be facilitated on BPA’s system through the hourly firm product. BPA’s EIM participation goals may be hampered by the assumption that Transmission Customers will reserve and donate long-term firm transmission that could otherwise be used by the Customer. Indeed, the preservation of the hourly firm product may alleviate the “market efficiency” risks that BPA identified with Alternative 1,⁴ and reduce the potential for excessive encumbrance of ATC that might otherwise go unused and be offered as non-firm by BPA.⁵ In addition, continued use of the hourly firm transmission product could facilitate BPA’s further expansion into the Energy Day Ahead Market (EDAM).
5. **The deadline for transmission donations should not be well in advance of the market interval.** Regardless of whether BPA chooses Alternative 1, 2, or some other donation approach, BPA should not require Transmission Customers to make their Transmission donations far in advance of the market interval. For example, PacifiCorp requires such donations to occur by T-75.⁶ Such a timing requirement permits the Customer to “right-size” the appropriate transmission product donation closer to the operating hour, thereby making EIM operation more efficient and cost-effective, and potentially freeing up more transmission to be provided to the EIM or for use by other Customers. Preserving this flexibility, subject to operational constraints, redounds to the benefit of all Transmission Customers, including BPA’s Merchant function.
6. **BPA should evaluate whether loss obligations can be assigned consistent with cost causation principles, and if not, whether they should be waived to encourage aggregation.** Aggregating multiple transmission donations from/to BPA POR/POD centroid and a single adjacent EIM entity BA POR/POD into single Dynamic ETSRs may be superior from an operational and implementation standpoint, as opposed to having multiple Dynamic ETSR resources defined between CAISO and an adjacent EIM Entity. However, BPA should evaluate whether aggregated Dynamic ETSR loss obligations can be assigned in a manner consistent with cost causation principles, or if such loss obligations can or should be waived.
7. **Intersection with BPA’s Dynamic Transfer Business Practices.** Does BPA intend to revise its Dynamic Transfer Operating and Scheduling Requirements Business Practice, or other Business Practice, to allow curtailments of Dynamic Transfers for EIM (i.e. Dynamic ETSRs)? In a December 2019 response to Customer comments on BPA’s dynamic transfer curtailment methodologies, BPA indicated that it would revise its Dynamic Schedule-related business practices and hold additional customer meetings.⁷
 - a. BPA should also provide transmission customers with a comparison of its Curtailment Methodology for both non-EIM and EIM dynamic transfers.

⁴ March 17, 2020 Presentation at slide 53.

⁵ *Id.* at 54.

⁶ PacifiCorp, Open Access Transmission Tariff, Attachment T, Sec. 5.2 (Provision of EIM Transfer Capacity by a PacifiCorp Interchange Rights Holder).

⁷ See Bonneville Power Admin. *Response to Customer Comments – Response to Customer Comments – Curtailment Methodology for Dynamic Transfers*, 1, (Dec. 9, 2019), available at <https://www.bpa.gov/transmission/CustomerInvolvement/Documents/Response-Curtailment-Methodology-Dynamic-Transfers-120919.pdf>.

8. Coordinated Transmission Agreement and Rate of Change Policy implications from BPA EIM participation:

- a. What is the role, if any, of the CAISO-BPA Coordinated Transmission Agreement, once BPA becomes an EIM Entity? Does BPA intend to seek modifications to the Coordinated Transmission Agreement, and specifically to the underlying Rate of Change provisions in the Agreement?
- b. If BPA does not intend to seek modifications to the Rate of Change provisions in the Agreement, can BPA explain why retaining those provisions is necessary or consistent with the Agency's participation as an EIM Entity?
- c. Can BPA confirm whether its own internal BA resources (whether participating or non-participating) will be constrained by rate of change constraints?

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Nothing contained in these Comments constitutes a waiver or relinquishment of any rights or remedies provided by applicable law or provided under BPA's Tariff or otherwise under contract. Commenting Parties appreciate BPA's review of these comments and consideration of the recommendations contained herein. By return e-mail, please confirm BPA's receipt of these comments.