COMMENTS OF THE WESTERN PUBLIC AGENCIES GROUP
ON THE BP-22, TC-22 AND EIM PHASE III FEBRUARY 25, 2020 WORKSHOP

The utilities comprising the Western Public Agencies Group ("WPAG") appreciate this opportunity to comment on select topics presented by the Bonneville Power Administration ("BPA") at its BP-22, TC-22 and EIM Phase III workshop held on February 25, 2020.

1. EIM Charge Code Allocation.

The WPAG utilities support a phased approach to an EIM Entity Scheduling Coordinator ("EESC") charge code allocation that balances cost causation and simplicity and, for this reason, believe a no sub-allocation or a partial sub-allocation of EESC charge codes for the TC-22/BP-22 period would be appropriate. To the extent BPA decides to move forward with a partial sub-allocation, we recommend that it consider limiting the sub-allocation to those EESC charge codes that:

(1) (a) have a comparable cost allocation under BPA's current tariff/rate construct, and/or (b) must be reconciled with BPA's current tariff/rate construct in order to ensure that the behaviors BPA seeks to motivate in its customers under its tariff and rate schedules are consistent with the behaviors the EIM seeks to motivate in BPA as an EESC through the EESC charge codes; and

(2) would result in the highest cost recovery risk to BPA (compared to the other charge codes) and/or a patently inequitable cost allocation among BPA's customers if BPA did not use sub-allocation to pass through upstream charge code costs that it incurs from the EIM to the downstream parties whose behavior causes BPA to incur them.

Based on the above criteria, and on the largely qualitative information provided by BPA on EESC charge codes to date, potential sub-allocation of the following two types of EESC charge codes may merit further consideration:

(1) Uninstructed Imbalance Energy (Code Number 64750), FMM Instructed Imbalance Energy (Code Number 64600), and Real-Time Instructed Imbalance Energy (Code Number 64700) (collectively, the "Base Codes"); and

(2) Under/Over Schedule Load Charge (Code Number 6045) and Under/Over Schedule Load Allocation (Code Number 6046) (collectively, the "Scheduling Penalty Codes").

The Base Codes are used to settle generation and load imbalances in the EIM and encompass the lion's share of the credits and charges settled under the EIM in terms of dollar size.[1] They are comparable to the Energy Imbalance and Generation Imbalance services that BPA provides and charges for under its current tariff and rate schedules. The Base Codes likely represent

[1] *See* BPA EIM 101 Workshop Presentation at 75 (September 13, 2018) (stating that approximately 70-80% of the EIM settlement dollars reside in the three Base Codes).

the greatest cost recovery risk to BPA, and the greatest risk of a clearly inequitable cost allocation among BPA's transmission customers, if BPA is unable to pass them through to the customers whose behavior causes BPA to incur them. BPA's Schedule 4 (Energy Imbalance) and Schedule 9 (Generation Imbalance) and related rate schedules are not likely up to the full task of mitigating these risks in their current forms. Accordingly, BPA should either sub-allocate the Base Codes or, at the very least under a non-sub-allocation methodology, modify BPA's Schedule 4 and Schedule 9 and related rate schedules so that they better recover the costs BPA will incur under the Base Codes from the customers that cause BPA to do so.[2]

The EIM's Scheduling Penalty Codes are intended to encourage EIM entities to not lean on the EIM. In some ways, they are similar to BPA's current Intentional Deviation ("ID") and Persistent Deviation ("PD") penalties, which are intended to encourage BPA's transmission customers to not lean on BPA in its capacity as a Balancing Authority Area ("BAA"). At the very least, the Scheduling Penalty Codes and ID and PD penalties may need to be better aligned to ensure that they complement each other. On the other hand, sub-allocation may eliminate the need for the ID and/or PD penalties altogether. For these reasons, BPA should keep sub-allocation of the Scheduling Penalty Codes on the table until such time that it and its customers can better evaluate and weigh the fates of ID and PD under the EIM.

2. Resource Sufficiency.

In order to ensure that BPA preserves its ability to meet its statutory, regulatory, reliability and contractual obligations, and for the other reasons identified on page 93 of BPA's February 25, 2020 presentation, the WPAG utilities agree that BPA should not establish a resource sufficiency target. Such a self-imposed target would also weaken the discretion the Administrator sought to preserve in the EIM ROD and EIM Implementation Agreement, and thereby wound a foundational principle for BPA's potential participation in the EIM. We see no merit in it.

Although the devil will be in the details, we support BPA's further exploration of options that would give it and its customers greater visibility into the accuracy of the CAISO's load forecast for BPA as a Balancing Authority, the accuracy of the load forecasts of BPA's customers, and how those two forecasts relate and impact BPA's satisfaction of the EIM's resource sufficiency tests. This while retaining the ability of BPA's customers to schedule to their best expected load as they determine.

We also recommend that BPA consider how best to mitigate the financial exposure caused by the time seam between T-20 and T-55. BPA customers may have third party contracts such as large load, demand response, and energy management contracts with third parties that incorporate a T-20 deadline. BPA should consider the challenge to BPA customer's third-party contracts as an additional "gap" challenge between the T-20 and T-55, and further consider how those contracts might impact load forecast submittals.

[2] We note that with respect to the Base Charges, the line between what constitutes a sub-allocation methodology and what is considered a no sub-allocation methodology has thus far proven difficult to define. However, based on BPA's clarifications at the March 11, 2020 customer led workshop, we believe that our concerns regarding the Base Codes could likely be addressed under either type of methodology. The label assigned to the methodology is less important than the outcomes it achieves.