



Commissioners

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Re: Comments of Clark Public Utilities on July 24, 2018 EIM Stakeholder Meeting

We, here at Clark Public Utilities, appreciate BPA's offer to accept comments on the BPA EIM stakeholder meeting held July 24, 2018.

We applaud BPA's efforts to reduce its costs by exploring market opportunities where BPA can extract better value for its generating capabilities. The California EIM is one such market to consider.

After hearing BPA's presentation on July 24, we are not yet convinced that the value proposition exists for the efforts entailed in joining such a market. However, we also recognize the analysis continues to evolve and that benefits and costs will be further refined. We are willing to listen and learn more about the EIM effort before rendering a full opinion.

There are several areas where we have concerns that BPA perhaps has not completely vetted the ramifications regarding such a move.

1. While BPA has identified "qualitative benefits" that are compelling to being part of the EIM, there are no counterbalancing "qualitative costs" identified. One might interpret this as BPA stacking the deck in favor of joining the EIM. We are confident that is not the case, but we do recommend that BPA identify some qualitative costs to joining the EIM.
2. There may be savings for BPA as a whole, but the allocations of these savings as well as the costs to its customers need examination and identification. Those who pay the costs for BPA's implementation of EIM should reap the increased savings. If the benefits do not follow the costs, it will result in a cross subsidization of customers, which can be problematic.
3. BPA's current EI customers should be no worse off and in most cases should be better off under the EIM regime when compared to the current EI construct. We are happy with the current EI process. We have not asked BPA to change the EI pricing or methodology. To date, we have not seen any discussion on how our costs and

methodologies will change and what guarantees BPA may be able to offer to ensure we are, at the least, held harmless if a move to the EIM is made.

4. Resource adequacy/sufficiency is a major concern for load serving entities (LSE) of BPA. BPA should be clear on the rules of the road for LSEs with respect to any obligations/responsibilities that may trickle down from joining the EIM. LSEs in BPA's balancing authority area are mostly beholden to locally elected boards tasked with decision-making for their utilities with respect to power planning and operations. Hoisting any resource sufficiency obligations onto these LSEs may prove troublesome if not communicated early, often, and with respect to the local autonomy granted these boards through state law.

We appreciate BPA's efforts in making the 2018 EIM stakeholder process open and transparent. We look forward to discussing the aforementioned issues and others with BPA toward making a well-reasoned, defensible, and durable decision regarding joining the EIM.

We appreciate the opportunity to comment.