

Submitted via email to techforum@bpa.gov on December 2, 2021

RE: Comments in Response to November 17 BPA EIM Stakeholder Meeting

General/Process

The Public Power Council (PPC) appreciates the opportunity to comment on BPA’s Energy Imbalance Market (EIM) implementation workshop. Hosting these workshops as a follow-up to BPA’s decision to participate in the EIM is a helpful way to inform customers on the specifics of how the agency will participate in the EIM.

BPA’s continued update of the customer impact summary helps keep customers informed on the changes they can anticipate when BPA joins the EIM. We appreciate the efforts of BPA staff to capture these changes and inform customers. At the November 17 workshop we also appreciated the updates on parallel operation and settlements provided. The planned training for customers in early 2022 to better inform customers of what to expect will be helpful and we look forward to that and other upcoming opportunities to stay informed prior to BPA’s EIM participation in March 2022.

EIM Reporting

As stated in our comments on BPA’s EIM closeout letter, it is important to PPC members that BPA establish EIM reporting and metrics. This reporting and associated metrics will be important for tracking BPA’s performance in the EIM, communicating whether the agency’s participation is meeting the intended objectives, and working with customers to ensure that participation is in line with their risk expectations and tolerances. Developing and reporting metrics on BPA’s EIM performance will also best position the agency and stakeholders to develop an informed approach to incorporate EIM benefits in power rates in a fair manner.

Proposed Phase “0” Metrics

PPC offers these comments on the areas where BPA has identified it does not plan to establish metrics, referred to as “phase ‘0’ metrics.”

First, BPA explains that it does not plan on developing a comparison of prices for the Load Aggregate Point/Locational Marginal Price to Mid-C index to identify the impact on ancillary service prices. While we understand that BPA does not plan to report this on a regular basis, we continue to believe that this information could be helpful in assessing how the changes made to BPA’s ancillary services rates to facilitate its EIM participation are impacting customers. If this comparison is not included as part of a regular report out on BPA’s EIM participation, it should be discussed as part of pre-rate case workshops to better inform whether additional tweaks to the ancillary service rate design are needed.

Secondly, PPC understands the challenge of reporting on ongoing EIM participation costs once that work is incorporated into ongoing work in both business lines; however, it will be important to have a sense of those costs to understand the cost/benefit trade-offs of participating in the EIM. At the November workshop, BPA staff stated that the current “ongoing cost” estimate was a fairly good

approximation of the ongoing costs going forward. BPA should review the estimated costs during the pre-rate case workshops for BP-24, and for future rate cases, to determine if the stated estimate continues to be a good estimate of costs in the future.

Thirdly, the impact of BPA's EIM participation on its system mix continues to be important to PPC members. Our understanding based on the last workshop is that BPA will not plan to track and report impacts to BPA's system mix as part of its ongoing EIM reporting, but that it will find another forum to share this analysis. We look forward to more information on where system mix impacts will be provided. The specific forum for this discussion should be established prior to BPA's participation in the EIM, as should some of the specific metrics that will be used to report out on these impacts.

Lastly, PPC is disappointed that BPA will not develop specific metrics of success in the EIM, nor metrics to guide when the agency should exit the market. As recommended in PPC's comments on BPA's EIM close-out letter submitted on August 23, 2021:

BPA should not shy away from establishing success criteria for fear that stakeholders will demand withdrawal from the EIM after short periods without optimal results. To the contrary, without clear goalposts on what the agency views as success, it may be quite challenging to assess whether participation is successful.¹

Additional experience in the market may help better inform potential metrics and we hope BPA will reconsider this decision after it gains experience in the EIM.

Proposed "Phase 1" and "Phase 2" Metrics

PPC supports the metrics identified under BPA's proposed Phase 1 of EIM reporting. These metrics provide a solid starting point for additional reporting in the future. We look forward to opportunities to continue to refine and build upon this list with BPA.

PPC also supports the metrics identified under proposed Phase 2 of EIM reporting. We understand the challenges to providing analysis in these areas immediately after the agency goes-live. However, the November presentation referenced that these metrics may not be available until BP-26. This timing would be unfortunate as these metrics would be very helpful in ensuring that changes in rates design, adopted by BPA to facilitate its EIM participation, are functioning as intended – assigning costs consistent with cost-causation principles and incenting desired customer behavior. We encourage BPA to make as much information as possible in advance of the BP-24 and BP-26 rate case discussions. We understand this information will be limited, particularly for the pre-rate case workshops for BP-24, but it will still better inform rate design than if that information was not available.

Conclusion

We appreciate BPA staff's hard work to prepare for participation in the EIM and to keep customers informed as they do so. We look forward to future engagements continuing these discussions, both in advance of BPA's "go-live" and on an ongoing basis as part of BPA's participation in the EIM. Thank you for the opportunity to comment.

¹ PPC Comments – BPA Close-out Letter, August 23, 2021, pg. 10 <https://www.ppcpdx.org/wp-content/uploads/PPC-Comments-BPA-EIM-Close-out-Letter-FINAL.pdf>