



Energizing Life in Our Communities

Comments of Public Utility District No. 1 of Snohomish County
In Response to Bonneville Power Administration's
April 28, 2020 BP-22/TC-22/EIM Phase III Workshop

Submitted to techforum@bpa.gov on May 14, 2020

Public Utility District No. 1 of Snohomish County ("Snohomish") appreciates the opportunity to provide feedback on the Bonneville Power Administration's ("BPA's") BP-22/TC-22/EIM Phase III workshop held on April 28, 2020 ("Workshop"). Snohomish supports the comments submitted by the Public Power Council (PPC). In addition, we offer separate comments on the following topics discussed at the Workshop: BPA's Workplan, EIM Charge Code Allocation, Timelines for Base Schedules and Transmission Donations, and BPA's Tariff Language Approach.

We also thank BPA staff for hosting the customer-led workshop on May 13. We found the additional context very helpful and informed these comments.

Workplan

Snohomish appreciates BPA staff's efforts to ensure customers have sufficient opportunity to comment on BPA proposals and decisions throughout the process, for example, by planning to issue a draft of the EIM Decision Document ahead of the final version. We understand from the May 12 customer-led workshop that BPA intends to share additional information about the process timeline and the scope of the decision document. Snohomish looks forward to that discussion and requests that BPA demonstrate the interplay between the Grid Modernization Roadmap and the EIM detailed workplan. Our interest is to make sure that BPA has the necessary tools in place to support any decisions made throughout the process.

EIM Charge Code Allocation

Snohomish appreciates BPA staff's careful consideration of its evaluation criteria and customer feedback in developing the preliminary staff proposal for sub-allocation of the charge codes BPA will receive as an EIM Entity. Based on our current understanding of the relationships between the various charge codes, Snohomish is concerned about the potential complexity of appropriately allocating the charge codes under BPA staff's proposal. Snohomish understands that the proposal is preliminary and encourages BPA to remain open to revisiting the allocation method if warranted.

BPA's recovery of costs and credits associated with EIM charge codes must be considered within the context of the overall rate structure. As BPA has noted, some of the codes that it proposes to suballocate serve similar functions to existing elements of BPA's current transmission rates. It is important that suballocating some charge codes does not result in double charging/crediting for the same behavior. As BPA develops its methodology for suballocating some EIM Entity charge codes, it should consider whether any existing rate elements should be: (1) modified to be used as the vehicle for the suballocation; (2) modified to reflect a separate suballocation that may be partially duplicative of the existing rate; or (3) replaced by the suballocation of EIM charge codes that may be fully duplicative of the existing rate.

It is difficult to assess which, if any, codes should be suballocated without understanding more details about *how* they would be suballocated. Snohomish understands that the details of the allocation method will be determined later in the process. As BPA develops this method, numerical examples illustrating the mechanics of each charge code, the specific relationships between the codes to be suballocated, and the relationship of the codes to existing rate elements would be particularly helpful. BPA could show one or more scenarios similar to that below and demonstrate how various customer classes would be affected:

Scenario:

BPA as the EIM Entity incurs an instructed and/or uninstructed imbalance energy charge under one or more of the base imbalance energy charge codes (Base Codes) in a given time interval. This charge was incurred due to underschedules or similar actions by one of each of the following customer types.

- Slice customer
- BPA Power on behalf of a load following customer
- LSE served by transfer
- PTP wheel through customer
- Non-participating wind resource in BPA BAA

1. Which of the listed customers would be directly suballocated the instructed/uninstructed imbalance energy charge?
2. How would each listed customer's underscheduling action affect and/or be accounted for through other rate elements?
3. Show the potential relationships between the Base Code and each of the neutrality and congestion offset charge codes (Neutrality Codes). For each Neutrality Code:
 - a. Under what circumstances would the instructed/uninstructed imbalance energy charge faced by BPA be an input to the Neutrality Code?
 - b. How would the Neutrality Code be suballocated to each of the listed customers, and/or to other customers who did not underschedule?
4. Assume BPA as the EIM Entity also failed the balancing test and incurred an underscheduling penalty for this interval. How would the underscheduling penalty be

suballocated to each of the listed customers, and/or to other customers who did not underschedule?

In addition to these general comments, Snohomish also offers feedback on specific sets of charge codes below.

Base codes

The Base Codes serve a similar purpose as energy imbalance and/or generation imbalance rate elements; as discussed above, these rate elements are likely to require some adjustment to avoid double-counting. Snohomish also notes that if customers' scheduling timelines are moved up to accommodate the EIM timeline, load and generation forecasts will be less accurate which is likely to result in higher MW imbalance levels and potentially higher imbalance costs under the current rate structure. Snohomish requests BPA consider this impact as it develops its suballocation methodology.

Neutrality + Congestion Offset Charge Codes

BPA staff has proposed suballocating the Neutrality Codes on the basis that they are directly linked to the Base Codes; if the Base Codes are suballocated, the Neutrality Codes should be as well.

It is not clear to Snohomish that allocating the Neutrality Codes to measured demand is appropriate. It is Snohomish's understanding that the Neutrality Codes are quite complex and have many components, some of which can partially offset the credits or charges incurred through the Base Codes. It appears that under BPA staff's proposal, charges (or credits) incurred through the Base Codes would be directly allocated to individual customers based on imbalance energy, while any offsetting credits (or charges) from the Neutrality Codes would not be allocated to those customers, but rather "peanut buttered" to all measured demand. Treating the offsets differently than the Base Codes may not produce an equitable result.

It is important for BPA and customers to fully understand the relationship between the Base Codes and the Neutrality Codes. In the event that identifying an appropriate and equitable suballocation proves to be overly complex, BPA should remain open to the *no suballocation* approach for the initial BP-22 rate period.

Scheduling Penalty Codes

BPA proposes to suballocate two Scheduling Penalty Codes based on "measured demand by direction," which has not yet been explicitly defined in BPA's workshops. Snohomish notes that these codes serve different purposes related to CAISO's resource sufficiency balancing test and may warrant different treatment.

Code 6045, the under/over schedule load charge, is the penalty the CAISO charges the EIM Entity for failing the balancing test. As noted above, it is not clear exactly what is meant by "measured demand by direction." BPA's stated rationale on Slide 36 for suballocating this code is to hold customers responsible for over- and under-scheduling. By this logic, code 6045 should

be suballocated based on a customer's share of the BAA's total over- or under-scheduling quantity for the relevant interval. This appears to be the method used by several other EIM Entities.¹

Code 6046, the under/over schedule load allocation, is the code used by CAISO to distribute the revenues it collects through penalties under code 6045. These revenues are allocated on a daily basis to all EIM Entities that were not subject to over- and under-scheduling penalties for the day. It is not clear why the suballocation of these revenues to BPA customers should be "measured demand *by direction*", nor to which direction of deviation the revenues should be allocated. In a given day, the revenues to be distributed could come from a mix of over- and under-scheduling penalties incurred by other EIM Entities in different hours of the day. Some other EIM entities allocate revenues from this code on the basis of metered demand.²

As with the Base Codes, Snohomish notes that if customers' scheduling timelines are moved up to accommodate the EIM timeline, load and generation forecasts will be less accurate which is likely to result in higher MW imbalance levels and greater likelihood of incurring scheduling penalty costs.

Timelines for base schedules and transmission donations for ETSRs

Snohomish understands that BPA's current scheduling timeline is not compatible with the EIM base schedule submission timeline. As noted above, earlier scheduling timelines for customers are likely to reduce the accuracy of schedules and increase imbalance MW quantities. Any requirements in this area should therefore be considered in conjunction with the allocation of EIM Entity charges and credits.

With respect to VERBS scheduling elections, BPA has suggested that the 30/60 Committed and 30/15 Committed options will not work under EIM timelines. As Snohomish has asked previously, does BPA anticipate it will offer alternative scheduling options that will work with EIM, or will the default be Uncommitted? Is BPA planning to discuss this topic at a future workshop?

With respect to transmission donations for ETSRs, Snohomish does not have a specific position at this time, but would like to stress the importance of ensuring that the value of long-term firm transmission rights is protected.

¹ See, e.g., [Portland General Electric EIM Business Practice](#), Section 8.3.1; [PacifiCorp EIM Business Practice](#), Section 9.4.1.

² See, e.g., [Portland General Electric EIM Business Practice](#), Section 8.3.2; [PacifiCorp EIM Business Practice](#), Section 9.4.2.

Tariff Language Approach for TC-22 Workshops

BPA indicates that it plans to share tariff language proposals as separate documents by topic, including some EIM-related tariff language in May. Snohomish is supportive of moving toward greater specificity, including tariff language, on topics that have moved through the six-step process.

BPA expressed that it will model its EIM-related tariff changes based on Portland General Electric’s (PGE) EIM tariff. Snohomish is interested in whether BPA also plans to follow PGE’s EIM Business Practices to develop the BPA EIM Business Practices, and for BPA to explain the content distinction between what is in the tariff versus the rate schedules and the Business Practices.

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Snohomish thanks BPA for the opportunity to submit the above comments and looks forward to continued engagement throughout the stakeholder process. Please feel free to contact us with any questions.