

Submitted via Tech Forum on June 23, 2022

### **Comments on June 8 NIPPC Presentation on Generation Inputs**

PPC appreciates the opportunity presented to stakeholders to have additional discussion on rate and tariff topics during BPA's "customer led" workshops. We thank NIPPC for the presentation at the June 8 workshop and for sharing its perspectives on the allocation of costs and benefits related to BPA's EIM participation and would like to respond to those perspectives.

It is our understanding based on the presentation that NIPPC is arguing that BPA ancillary service (ACS) customers should be allocated a portion of the "export revenues" that BPA Power receives through its participation in the EIM because there is a misalignment between the "source" of benefits in the EIM, specifically related to export revenues, and those that receive those benefits. PPC disagrees with this argument both because it implies that ACS customers are entitled to some "ownership" of the capacity providing ACS services and because it is incorrect to identify gen inputs capacity as the primary driver of BPA's ability to pass the resource sufficiency test.

First, as a matter of principle, as stated by BPA staff at the June 8 meeting, the service provided to ancillary service customers is priced as a service. Ancillary service customers have no right to ownership of the underlying capacity, which is used to provide the ancillary services, their right is to the service itself. Many of the arguments made by NIPPC seemed to imply that those taking ancillary services from BPA have some right to other opportunities BPA may pursue with the underlying capacity that supplies that service. As BPA staff explained on the call, the ancillary services BPA provides are limited to the services themselves and are priced accordingly.

Secondly, the chart used by NIPPC to make this argument to demonstrate the misalignment of costs and benefits was unclear and incomplete. The chart refers to the "resource sufficiency test." CAISO's Resource Sufficiency Evaluation (RSE) is actually a series of tests: the balancing test, the bid capacity test, the flexible ramping sufficiency test and the feasibility test. It was unclear which specific test or group of tests NIPPC is evaluating in its analysis. We suspect that NIPPC was likely referring to the flexible ramping sufficiency test (FRST), since failure of that test is what would limit BPA's ability to increase its imports/exports from/to the EIM in a given hour. NIPPC also may have been referring to the balancing test since there was a strong focus on capacity in the presentation, but failure of that test results in a financial penalty, not freezing of EIM participation, so it is not relevant to NIPPC's argument as we understand it.

In NIPPC's chart from slide 6 of the presentation, "gen inputs capacity" is identified as the sole source of capacity supporting BPA's passing the tests that make up the of the RSE. This is just one source of the capacity used to support passing both the FRST and the balancing tests. Any capacity/flexibility made available by BPA, which would include capacity used to support ancillary services and any other capacity

bid in from the FCRPS, as well as capacity/flexibility bid in by other participating resources would be used to pass the RSE. NIPPC seems to be ignoring these contributions in its argument.

NIPPC made a similar argument regarding ancillary services customers' rights to BPA power EIM revenues in the BP-22 rate case. PPC refers to our testimony in that case for additional context as to why we do not agree with NIPPC's assertion that BPA Power, as a participant in the EIM, should share the benefits from more efficient generation dispatch resulting from EIM participation with ancillary service customers. We also point out that under such an argument, in the future any NIPPC member which has a participating EIM resource within BPA's BAA would also be required to share its EIM benefits with the other customers in BPA's BAA.

We appreciate the opportunity to provide our thoughts on this topic and look forward to further discussion in future workshops.