

Submitted via email to techforum@bpa.gov on March 31, 2020

RE: Comments in Response to BPA's March 17 TC-22, BP-22, and EIM Phase III Stakeholder Workshop

PPC appreciates the opportunity to comment on BPA's March 17 TC-22, BP-22, and EIM Phase III workshop and the continued opportunity to engage with BPA staff and other stakeholders on these policy issues. We applaud BPA staff's continued hard work on these complex and challenging issues and encourage the agency to continue its commitment to exploring these issues in a transparent public process.

PPC would like to thank BPA staff for ensuring the March 17 discussion was able to continue as planned and for facilitating a productive virtual meeting. We look forward to working with BPA and other stakeholders to review and revise the TC/BP/EIM workplan as needed in light of the COVID-19 outbreak. The response to COVID-19 has been the top priority for PPC's members who continue to balance this demand with existing workload. As the situation continues to develop, we hope that BPA will work with customers to adjust the TC/BP/EIM workplan as needed.

PPC offers the following initial comments on BPA's March 17 stakeholder meeting.

Proposed Workplan

PPC appreciates BPA's proactive review of the TC/BP/EIM combined process workplan. As we are about halfway through the planned workshop schedule, it is prudent to review progress so far and critically assess what is achievable during the remainder of this process. BPA has appropriately deferred many non-priority issues for discussion in a future process. PPC encourages BPA to continue to look for topics planned for discussion during the TC/BP-22 process that could be delayed, or simplified, to allow a tighter focus on priority issues.

PPC supports additional workshop time for customers and BPA staff to discuss priority issues during the TC/BP/EIM combined public process. Any proposal for additional workshops must provide BPA staff enough time to develop issues in between workshops. Adding additional meetings to discuss topics where there has been no progress on analysis and policy development is not be a good use of time for BPA or stakeholders. This is especially the case during a period in which many BPA stakeholders have staffing constraints due to new demands of their time in responding to the impacts of the public health crisis in their communities. This is a factor that BPA should continue to monitor and plan for in the months ahead. For the time being, BPA's proposal to add additional workshop days immediately after the existing workshops days appears to be an effective way to address these concerns while also providing stakeholders sufficient time to consider proposals between workshops.

The updated timeline, which included reference to BPA's planned "EIM Decision Document" was helpful, but more information is needed. PPC seeks additional clarification on the decision document including:

- Will decisions in this document be high-level policy leanings, implementation-level decisions, or some of both?
- Given the interdependent nature of these issues, will there be an opportunity to discuss decisions made in the EIM Decision Document if additional information becomes available after the Decision Document is issued?
- Where will EIM issues that are not addressed in that document and are not part of the BP-22 and TC-22 cases be addressed?

A full list of the policy questions to be addressed during this combined process was requested at the last workshop. PPC agrees this would be helpful information, including BPA sharing the status of each of these questions and where the decisions to these questions will be documented.

Transmission Losses

PPC continues to doubt whether there is a pressing need to make significant changes to the current in-kind loss return model. The analysis supplied by BPA to date does not appear to justify a significant change from the status quo. Consistent with PPC's comments above on prioritizing the most pressing issues, BPA should work to resolve this policy question quickly, focusing on the key problem areas where there has been a demonstrated need to revise policies and procedures regarding loss returns.

PPC agrees that customers' failure to return their losses in a timely and accurate manner is a concerning trend that should be addressed. Development of a "Financial for inaccuracy" charge (or FFI) as discussed by BPA staff seems like an appropriate solution. This solution would reduce staff workload associated with tracking the differences between expected and actual returns. It would also ensure that entities are not selectively delaying loss returns to exploit the difference in value of physical returns over different periods.

More discussion is needed on what an FFI charge might look like. BPA should explore whether it would be appropriate to make the FFI a penalty charge, separate from BPA's rate/charge for previously arranged financial loss returns, as an incentive to accurately return physical losses. This could potentially help limit how much capacity BPA would have to hold out to cover the difference between actual and expected loss returns. Absent this incentive, customers may treat the FFI as an option to financially procure loss returns from BPA, which may even increase the amount of unexpected loss returns that BPA has to provide. Creation of penalty bands like those used for EI and GI may be appropriate, and again, this should be explored further.

While PPC appreciates BPA's desire to streamline its processes and reduce workload, we do not see the agency's additional workload associated with administering the current in-kind loss return program as a justification for significant changes to that program. While this additional workload is unfortunate, changes to BPA's existing loss return method could quickly result in

additional costs to customers that would exceed BPA's estimated costs of implementing its current methodology. The cost associated with BPA's additional workload is relatively small in comparison to the potential changes in costs to customers for increasing their own staffing and system needs to address a new loss return methodology.

It has been difficult for customers to develop estimates on how a revised loss return policy may impact them, as the necessary details have not been made available. Not only has BPA not provided information on how a potential loss return rate would be set, but there has been very little information on how concurrent loss returns may work. More information on both of these alternatives would be needed for customers to begin analyzing impacts. PPC understands that developing these alternatives thoroughly enough to be analyzed would create significant work for BPA staff. We recommend assessing whether now is the appropriate time to continue exploring these options. As stated above, during this process, BPA should carefully prioritize what topics much be addressed before TC-22 and BP-22.

EIM Transmission Usage on the Network

On March 17, BPA staff provided additional clarification on the outstanding policy issues regarding "EIM Transmission Use on the Network" that will be addressed during the combined TC/BP/EIM process. This clarification was helpful and PPC agrees that the questions BPA highlighted are important to discuss. We will continue to be interested in some of the implementation details that will not be addressed during the combined process and will work with BPA on how to best engage on those issues.

PPC appreciates the thought that BPA has put into analyzing the potential impact that allowing different types of transmission (firm, non-firm) in the EIM may have and we will look forward to additional follow-up discussion on this topic during the customer-led workshop.

Intertie Studies

Generally, PPC supports BPA updating its tariff and conducting planning studies on the Southern Intertie that are consistent with its updated tariff. Of the three options developed by BPA, the first two appear workable. PPC is concerned that the third option, creating a recurring study process on the Southern Intertie similar to the TSEP process conducted for the Network, would be unproductive. Given the high cost of expanding the Southern Intertie, the need for a highly coordinated studies with adjacent transmission operators and the previous lack of interest in pursuing expansion of the Southern Intertie BPA should not commit to a regular review for expanding the Southern Intertie at this time. Instead, BPA should continue to work with customers in the queue for Southern Intertie service, adjacent BAAs, and other regional stakeholders on studies and potential needs to expand the Southern Intertie.