

April 2, 2020

RE: NRU's Comments on 2/25/2020 EIM/BP/TC-22 Workshop

Submitted via email to techforum@bpa.gov

Northwest Requirements Utilities (NRU) submits the following comments in response to the workshop materials presented on February 25, 2020, specifically on these topics: "Issue #1: EIM Charge Code Allocation," "Issue #3C: Generation Inputs" and "Issue #3A/3B; Resource Sufficiency."

BPA and customers have consistently acknowledged the inherent interconnectedness of EIM (including resource sufficiency) and balancing reserves (i.e., gen inputs) cost allocation, cost causation and rate designs. NRU appreciates BPA staff's efforts to keep BPA workshops organized by delineating issues by topic. However, this approach makes it challenging, if not impossible, to truly understand the mechanics of BPA's participation in the EIM and how that will affect the rates and cost allocations in a multitude of areas: Transmission costs, rates and bills; Power costs, rates and bills; and costs and revenues allocated between Power and Transmission. This is particularly relevant for the Load Following/NT customers that compose NRU's membership. NRU members pay for the costs incurred to use BPA's transmission system, BPA's power system, and non-federal resources to serve their retail loads. This occurs today and it will occur in the future if/when BPA joins the EIM.

BPA staff has done a nice job developing an educational foundation about EIM charge codes, balancing reserves, and resource sufficiency. However, it is time to recombine these topics to discuss them holistically and to begin to understand how decisions in one area impact another. Below are more detailed comments on these topics.

EIM Charge Codes and Balancing Reserves

In today's world, BPA Transmission and BPA Power provide some of the services that may be provided by the EIM in the future. NRU is unable to disentangle these two topics (EIM charge code allocation and balancing reserves) and therefore is submitting comments on both topics jointly.

The February 25th workshop provided information on different alternatives that could be used to allocate the EIM charge codes received by BPA Transmission as the EIM Entity Scheduling Coordinator (EESC). The alternatives ranged from no sub-allocation on transmission customer bills to different methodologies of sub-allocation, such as the existing FERC-approved model and or a BPA-designed model. The slide deck presented various considerations to guide selection, such as administrative ease for customers and BPA, (mis)alignment on behavioral signals, settlement re-calculations, and appropriate cost recovery.

NRU agrees it is important to balance these considerations and recognizes that as BPA and customers gain experience in the EIM, there may need to be changes to the rate structures in future rate cases.

However, NRU is struggling to analyze the options and provide informed feedback at this time. It would be helpful if examples could be provided. The structured scenarios shared at the March 13, 2019 EIM workshop (starting on slide 41) could provide a good starting point.

It would also be helpful to see a comparison of different types of customers' current transmission bill compared to what it might look like under the difference sub-allocation options. While the rates will not be known, it would be helpful to see the line itemizations and how today's bill would look different under the sub-allocation options. It would be useful to see examples for different types of transmission customers, such as: (1) customer with a Participating Resource; (2) customer with a Non-Participating Resource; (3) customer that relies 100% on Power from BPA (e.g., a full requirements, Load Following customer).

Resource Sufficiency (RS)

BPA staff presented different alternatives for BPA to achieve its goal of having "visibility into how everyone is meeting their load obligations and into the accuracy of their load forecasts and scheduling." NRU can understand the value of such information, but requests that no additional burdens or requirements are placed on Load Following/NT customers.

Further, based on the information provided thus far, and the overall complexity and short timeline for BPA to become an EIM Entity, NRU does not believe it is necessary for BPA to set an expected "RS pass target" at this point. NRU also believes that by making a decision on this now (i.e., no RS pass target), BPA staff will be better able to

provide more specific examples of how balancing reserves costs/benefits and rate design(s) might change if BPA joins the EIM.

Closing Comments

NRU appreciates the efforts BPA staff have put into educating its customers on issues as complex as EIM charge codes, balancing reserves, resource sufficiency, etc. As the start of the BP-22 rate case approaches, NRU believes it is now time to begin the next level of conversations where all of these pieces start to fit together. As proposed above, it might be useful to use the structured scenarios from last year to support this next level of engagement. It will also be important to share how all of these pieces impact the different types of customers BPA has: Transmission-only; Participating Resources; Non-Participating Resources; different types of Power customers (e.g, Load Following, Slice/Block). Some of these costs will show up on the Transmission bill, others will be embedded in Power rates, and for some customers, they will show up on both the Transmission and Power bills.

This is extra challenging because many of the EIM components are focused on loads, which makes sense for a traditional balancing authority area, but it is unclear how that translates to BPA's BAA where there are numerous individual load serving entities (Load Following, Slice/Block, non-preference) and various types of resources (federal, non-federal, Participating and Non-Participating). NRU is seeking clarity on how to translate the load-centric metrics in the EIM to BPA's diverse BAA.

We look forward to continued engagement with BPA staff and other customers and their representatives.

Sincerely,

A handwritten signature in black ink that reads "Megan Stratman". The signature is written in a cursive, flowing style.

Megan Stratman
Rates and Policy Director