

The Northwest Intermountain Power Producers Coalition (NIPPC) appreciates the opportunity to submit these comments in response to issues presented at the January 28 workshop:

EIM Transmission Usage on BPA Network

NIPPC members are generally concerned that transmission usage by the EIM will reduce the amount of transmission capacity available to support bilateral wholesale energy transactions. This concern is reinforced by recent BPA policy decisions (e.g., limiting hourly firm; BPA's practice of not undesignating its Network Resources). Furthermore, BPA has adopted the following statement related to use of the BPA system for EIM transfers:

Adopt transmission-related policies for EIM use of BPA's network that are non-discriminatory and do not negatively impact reliability and efficient EIM market while mitigating the commercial impacts on BPA's transmission system and customers.

NIPPC encourages BPA to revise the policy objective statement to clarify that BPA will not implement policy decisions that negatively impact existing customers' rights or existing uses of the system in favor of EIM transactions. NIPPC also suggests that BPA incorporate language in its objective statement to the effect that the costs associated with EIM transactions should be allocated to those who benefit.

Moreover, NIPPC urges BPA to take into account that current practice among other EIM Entities is that no transmission requirements are imposed on EIM dispatch/participation, and require only an umbrella service agreement for EIM dispatch. BPA rules and policies that deviate from these practices will potentially create seams among the EIM entities and markets. Implementation of transmission requirements for EIM participation should be addressed with stakeholders across the entire EIM footprint to ensure consistency in transmission requirements within the EIM.

NIPPC members are also curious to learn how EIM dispatch may impact BPA's Intentional Deviation policies.

NIPPC also seeks an explanation of the curtailment priority associated with EIM use. In the event of a need for schedule curtailments, will EIM transactions be curtailed first? NIPPC members believe that scheduled transactions should have priority over EIM use.

Ancillary Services

While not yet formally scheduled as a topic, NIPPC members are increasingly concerned about how BPA will address Ancillary Services charges in the EIM. Some of the specific questions raised to date;

- How will EIM dispatch impact other BPA policies including charges associated with VERBs (preserving the rate differences between 30/60 Committed and Uncommitted scheduling)?
- How will EIM dispatch impact BPA's energy imbalance service (elimination of penalty tiers and application of negative prices)?
- BPA currently incorporates its "opportunity cost" in calculating its capacity charges; will BPA incorporate its "opportunity costs" in its energy bids to the EIM? How will BPA ensure that it

does not recover these costs twice from ancillary services customers (once in the design of the capacity charge and again in the LMP for actual imbalance)?

Participating Resources

BPA posed specific questions for the transmission needed for Participating Resources:

1. What contract should be in place to govern participating resources relationship with BPA?
2. What transmission reservation (if any) should be required for participating resources?

And additional policy questions:

1. What types of transmission should be eligible for donation?
2. What should the process for donation look like?

NIPPC encourages BPA to survey — and present the findings to customers — the approaches that other EIM participants have taken to answer these questions. Other EIM participants have years of experience considering these (and other) questions; BPA and its customers should take advantage of this experience and, as noted above, ensure that the BPA rules associated with participating resources in EIM are consistent with the rules established in other jurisdictions that have already joined EIM. NIPPC encourages BPA to answer the questions posed below:

- What types of transmission rights does BPA currently require customers to donate to enable EIM transactions across BPA's system?
- What processes does BPA use for customers to commit transmission rights to EIM use?
- What types of transmission products to other EIM entities require customers to donate for EIM use?
- What is BPA's experience with its current requirements to enable EIM transactions across its system; do those requirements need to change?
- What processes do other EIM participants use in enabling their customers to donate transmission for EIM use?
- Currently, an EIM participant who donates transmission for EIM use receives no compensation. NIPPC is aware that EIM participants have floated the concept of providing customers who dedicate transmission to EIM use some compensation from the transactions that are enabled. What is the status of this concept?

Non-Participating Resources and Loads are exposed to EIM prices for energy and generation imbalance whether they turn over transmission to BPA for EIM activities or not. In theory, those customers could be exposed to higher LMPs for imbalance charges simply because an inadequate amount of transmission had been nominated for EIM use by participating resources.

- Is there any downside to allowing EIM transactions across BPA's Network to use all otherwise unscheduled transmission capacity?
- What mechanism will be in place to ensure that ancillary service customers are not subject to local market power because insufficient transmission was donated to the EIM?

External Resources

BPA has indicated it will allow external resources (resources located outside of BPA's BAA) to use pseudo ties to participate in the EIM. NIPPC understands that some EIM participating

balancing areas do allow external resources to participate in the EIM through the use of dynamic schedules. NIPPC would support allowing external resources to use dynamic schedules to become Participating Resources.

- Why will BPA not allow external resources to use dynamic schedules to support EIM participation?

TC-20 Settlement Issues

a. Generation Inputs – Solar Study

Some NIPPC members have expressed concerns with the data, analysis and conclusions of the solar studies BPA undertook as part of the TC-20 settlement; but nevertheless agree with BPA that the completed studies are a good initial step. NIPPC believes there would be value to expanding on the work completed to date in exploring a shaped reserve commitment obligation.

BPA should refine the assumptions and modeling used in the completed solar studies in order to advance the understanding of BPA and stakeholders regarding potential cost savings from a shaped reserve commitment obligation in preparation for the next rate case. BPA should also consider making the data and GARD model available directly to customers for independent analysis, as well as set-up follow-up discussions with customers concerned on this issue to define a potential study program for the year ahead. Specifically, model runs that examine the benefits of the solar battery pilot program contemplated in the TC-20 settlement could advance understanding of the outlook on future integration costs.

NIPPC does believe that a shaped reserve commitment obligation will provide material value to BPA and its customers. Accordingly, NIPPC asks BPA to provide customers with information regarding the workload necessary with approximate completion timelines for a shaped reserve commitment obligation. NIPPC also believes that the analysis should not be limited to shaping the reserve obligation based on the output of solar generation projects. Rather NIPPC believes that BPA should begin the process of developing a reserve commitment calculation that more broadly incorporates load and generation forecasts. As BPA moves closer to joining the EIM, it should take advantage of the greater geographic diversity and additional forecasts to develop an option that would shape the reserve commitment based on near term load and generation forecasts.

One of the benefits of BPA's participation in the EIM should be a reduction in the quantity of reserves it carries due to the increased diversity of generation and load profiles resulting from a larger geographic footprint. BPA's Ancillary Services customers expect to see these benefits reflected in the rates they pay. It also appears that the CAISO could benefit from learning more about how BPA and its customers have reduced the quantity of reserves that must be deployed — through adoption of committed scheduling and other tools — all while maintaining reliability. NIPPC recognizes a real risk that BPA moving to join the EIM could result in combining the “worst” attributes of the existing reserve commitment requirements of both BPA and the EIM leading to increased costs to rate payers across the West but with no real improvement to reliability. NIPPC urges BPA to invite CAISO and customers to a workshop dedicated to reserve commitment issues to ensure that the “best” attributes of the reserve commitment paradigms of CAISO and BPA are broadly accepted.

b. De Minimis

NIPPC appreciates the recent call regarding proposed treatment of de minimis. NIPPC members seek more information on the impact each of the proposed alternatives will have for customers who redirect their existing rights. At the March workshop, please provide examples of how each of the alternatives would be applied to a sample set of redirect requests.

Long Term Financial Planning

Over the past several years, NIPPC has repeatedly filed comments that note that the solutions BPA has implemented to address its long term financial health are falling disproportionately on transmission customers. BPA has already implemented several policies designed to “ensure” BPA’s long term financial viability. NIPPC encourages BPA to pause and take time to evaluate the efficacy of the financial reforms it has already implemented before developing additional financial targets or metrics that will further burden transmission customers.