



*Energizing Life in Our Communities*

Comments of Public Utility District No. 1 of Snohomish County  
In Response to Bonneville Power Administration's  
December 12, 2019  
BP-22/TC-22/EIM Phase III Workshop

Submitted via email to [techforum@bpa.gov](mailto:techforum@bpa.gov) on January 7, 2020

Public Utility District No. 1 of Snohomish County ("Snohomish") appreciates the opportunity to provide comments to the Bonneville Power Administration (BPA) following the BP-22, TC-22 and EIM Phase III workshop held on December 12, 2019.

**Transmission Losses**

Snohomish was pleased to see BPA's thoughtful review of how it administers real power losses and that it is looking for ways to streamline its internal processes to reduce administrative burden. We did not understand from the materials presented what BPA's overall objective is in tackling the Agency's historical practice as it relates to real power losses associated with the Federal Columbia River Transmission System (FCRTS).

Our understanding is that less than 1% of BPA's customers settle FCRTS losses financially, and that the settlement rate is the simple monthly average of the Intercontinental Exchange (ICE) Mid-Columbia Electricity Price Index, Firm On-Peak (excludes Sundays and NERC holidays), plus 15%. If BPA has interest in incenting customers to transition to the financial settlement of losses after two decades of in-kind loss returns, then it would be helpful to know that BPA is willing to consider altering the current financial loss settlement rate.

Transitioning to financial settlement will not negate the need for BPA to verify loss settlement data, but it may eliminate the variability and uncertainty physical loss returns pose to the BPA Balancing Authority (BPA BA) in the future. Again, short of understanding the core objective and reasons for such a change, Snohomish encourages BPA to explore providing customers with

the choice for the rate period to: 1) financially settle losses under a different rate design; or 2) continue allowing the in-kind return of losses 168 hours later.

Snohomish also seeks clarification and explanation on the statement on Slide 17 that "...the loss provider (Power Services) is not compensated for holding out capacity necessary to provide losses." We are accustomed to seeing BPA's Federal Power Loss Obligations identified in average annual megawatts as part of BPA's Designated System Obligations associated with the Tier 1 Firm System Capability. These details are included every two years as part of the Rate Period High Water Mark process. We understood that these costs are included in the Composite Cost Pool and are part of the Tier 1 Power Rate.<sup>1</sup>

### **EIM Losses**

We appreciate the background and context on EIM losses and look forward to learning more in Steps 3 and 4. There was mention made during the workshop about the impact of schedules that "wheel through" the BPA BA on the FCRTS. Snohomish looks forward to understanding this issue better and requests further elaboration at a future workshop.

### **EIM Charge Codes and Cost Allocation**

Snohomish has been a consistent voice for ratemaking that follows cost causation principles. Our current thinking is that the cost and level of administrative burden BPA must undertake to facilitate accurate cost causation at the outset of BPA's participation in the EIM could outstrip the overall benefits. Snohomish believes that a phased in approach may be appropriate. For BP-22 at least, it would make sense to keep EIM cost allocation simple. An approach could be to identify an initial small set of charge codes that could be easily and efficiently allocated. This approach would fall within the "Partial Insulation" bucket that BPA identified at the December 12<sup>th</sup> Workshop. This would not preclude mapping the various applicable charge codes and how

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<sup>1</sup> August 9, 2016 Preliminary RHWM Workshop BP-18, Slide 18 - Total Designated System Obligations, Federal Power Transmission Losses, Line 29 at [https://www.bpa.gov/Finance/RateCases/BP-18/bp18/08-09-16\\_RHWM%20Workshop.pdf](https://www.bpa.gov/Finance/RateCases/BP-18/bp18/08-09-16_RHWM%20Workshop.pdf).

they are allocated in the future - consistent with cost causation principles – when BPA has gained experience and has actual data from EIM participation.

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Again, Snohomish appreciates the BPA staff's preparation for the December 12, 2019 workshop and looks forward to participating in future workshops.

Sincerely,

A handwritten signature in cursive script, appearing to read "Anna Berg".

Anna Berg

Senior Manager Power Supply