

# **ISSUE #5: EIM TRANSMISSION USAGE ON THE NETWORK**

Step 3: Data and/or Analysis that supports the Issue

Step 4: Discussion on possible alternative to solve Issue

# Agenda

- Responses to customer comments
- Review of Step 2
  - Changes to Scope
  - Change in Objective
- Steps 3 and 4:
  - Analysis of Issue
  - Possible Alternatives
- Transmission Donation Process
- Next Steps

# Customer Feedback Themes

- Customers submitted a number of questions related to the implementation of transmission donation. These questions were addressed at the February 18 customer-led workshop. Today's workshop will provide further information.
- Some commented that the objective statement phrase “while mitigating the commercial impacts on BPA’s transmission system and customers” appears to prioritize EIM transfers over bilateral trading. BPA has changed the objective in response to these comments.
- Comments on the evaluation of the pros and cons of alternatives, how they fair under the objective and their impacts on different customer groups were received. This evaluation will be done as part of Step 6 which will be presented in the May workshop.

# Review of Step 2

# Phase III Transmission Policy Issues

- Transmission Agreements Required for Participating Resources
  - Issue 1: What type of contract should be required for Participating Resources to ensure they are subject to the terms of the tariff and BPs?
  - Issue 2: What type of transmission reservation, if any, should be required for Participating Resources?
- Policy Issues Related to Transmission Donation
  - Issue 1: Which transmission products should be eligible for Interchange Rights Holder donations of transmission for EIM transfers?
  - Issue 2: What should the transmission donation process be?

# Change in Scope

- Transmission Agreements Required for Participating Resources has been moved from Issue #5, EIM Transmission Usage on the Network, to Issue #6, EIM Non-Federal Resource Participation
- Changes to Policy Issues Related to Transmission Donation
  - Issue 1: Which transmission products should be eligible for Interchange Rights Holder donations of transmission for EIM transfers will continue to be identified as a policy issue and will proceed through Step 6 of this workshop process.
  - Issue 2: What should the transmission donation process be is an implementation issue and will be scoped in workshops but ultimately reflected in a Business Practice.

# Change in Objective

- The following objective was introduced in the January workshop:
  - 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.
- Updated objective:
  - Determine which Interchange Rights Holder transmission products are eligible for donation to the EIM. Bonneville will consider in this objective the operational and commercial impacts and the efficient function of the EIM.

# Step 3: Analyze the Issue



# Baseline: Terms of EIM Entity Tariff

- The CAISO tariff allows both the ATC transmission donation method and the Interchange Rights Holder donation method for EIM transfers. Both are available to EIM Entities.
- All EIM Entities that allow transmission donation by Interchange Rights Holders require donated transmission to be firm.
- EIM Entity tariffs define Interchange Rights Holder as follows:
  - A Transmission Customer who has informed the [NAME] EIM Entity that it is electing to make reserved firm transmission capacity available for EIM Transfers without compensation.
- In its EIM Business Practice Puget requires that transmission rights for EIM Transfers must be donated in full hour increments and must be on a confirmed firm transmission reservation (NERC priority 7).

# Areas of Risk to be Analyzed

- Operations: Allowing donation of unlimited hourly non-firm on the network could be misaligned with actual system capabilities.
- Market Efficiency: Requiring firm transmission can restrict transmission donations thereby not allowing optimal market dispatch
- Transmission Revenue and Cost Shifts: Allowing donation of non-firm transmission for EIM may increase the risk that over time long-term firm PTP revenue will erode as customers opt to not roll over their agreements.

# Areas of Risk to be Analyzed

- Customer Impacts:
  - The type of transmission on which ETSRs are scheduled should not negatively affect the quality of service to transmission customers.
  - The impact on the ability to reserve transmission and allow schedules may be different.
  - If transmission is donated or scheduled on firm then it would be encumbering transmission that might otherwise go unused and offered as non-firm by BPA.
- Cost and Implementation Complexity: Potential implementation costs and complexity may vary based on the transmission product donated.

# Step 4: Alternatives

# Alternatives

BPA is evaluating the following alternatives for transmission donations for EIM transfers by Interchange Rights Holders

- **Alternative #1, Status Quo:** Allow only firm transmission to be donated for EIM transfers
  - This alternative is interpreted to mean all firm PTP products including conditional firm PTP.
  - Given the nature of NT service for service to load, the transmission products allowed to be donated for EIM do not include NT products
  
- **Alternative #2:** Allow both firm and non-firm PTP of any term to be donated for EIM transfers.
  - May need to limit hourly non-firm
  
- **Suggestions for a third alternative within the Interchange Rights Holder donation method?**

# TRANSMISSION DONATION PROCESS

# BPA Setup for Customer Donation

- BPA will register a new system level Source/Sink (e.g. BPAT-EIM) to facilitate customer donation
- BPA will work with adjacent EIM Entities to establish transfer paths and procedures for customer donation
- Dynamic Transfer Capability (DTC)
  - Requesting DTC is not required on the network
  - DTC use on the Interties will be managed consistent with Dynamic Transfer Operating and Scheduling Requirements Business Practice

# Reserving and Scheduling Customer Donation

- Participating resources are not required to donate transmission
- Interchange Rights Holders choosing to donate transmission must:
  - Reserve transmission service consistent with the pending donation policy
  - Submit e-Tags consistent with the pending scheduling policy



# After the Fact Accounting

- Dynamic e-Tags will be updated by an EIM Entity with actual interchange within 60 minutes
- BPA is exploring whether donated transmission would incur a wheeling loss obligation
  - If BPA's transmission system is included in the EIM optimization, incremental losses would be accounted for in the EIM dispatches and associated EIM transfers
  - Incremental losses are accounted for in the marginal loss component of the LMP

# Next Steps

BPA requests customer feedback on:

- Risks to be analyzed and alternatives under consideration
- Transmission donation process issues identified
- Please submit by March 31, 2020 to [techforum@bpa.gov](mailto:techforum@bpa.gov) (with a copy to your account executive)

May customer workshop:

- Step 5: Discuss customer feedback
- Step 6: Discuss staff proposal
- Update on Transmission Donation Process