

June 8, 2022

*Via Electronic Submission*

John Hairston  
Administrator and Chief Executive Officer  
Bonneville Power Administration  
911 NE 11<sup>th</sup> Avenue  
Portland, OR 97232

**Re: May 25, 2022 BP-24 Rate Case & TC-24 Tariff Proceeding Workshop**

Dear Administrator Hairston:

The Alliance of Western Energy Consumers (“AWEC”) appreciates the opportunity to provide feedback on Bonneville Power Administration’s (“BPA” or “Agency”) May 25, 2022 BP-24 Rate Case & TC-24 Tariff Proceeding Workshop. AWEC members have traditionally purchased a range of power and transmission services from BPA and are also served by BPA’s utility Power and Transmission customers, often pursuant to contracts that pass BPA’s costs and policies directly through to AWEC members. As such, AWEC members have a demonstrated interest in BPA’s BP-24 and TC-24 workshop processes.

Having participated in every aspect of the BP-22 rate case, AWEC is particularly interested in Western Energy Imbalance Market (“EIM”) benefits in Power rates. In the BP-22 Settlement, BPA implemented allocations of costs and benefits associated with EIM benefits consistent with Staff’s Initial Proposal. Thereby, the BP-22 rates assume incremental benefits equal to costs (zero net benefit). Given that BPA has joined the EIM, BPA is now holding workshops to determine how Power Services will include EIM benefits in power rates going forward. AWEC appreciates BPA beginning these discussions early on in the BP-24 pre rate case proceedings.

During the May 25<sup>th</sup> workshop, BPA presented an initial approach and an alternative approach for forecasting EIM benefits in Power rates. BPA’s initial approach recognizes that benefits derive from additional load factoring, and therefore seeks to model Net Secondary Revenue increases by changing modeling assumptions. Specifically, BPA’s process involves “rerunning RiverWare using BP-22 assumptions, but relaxing the amount of non-reg balancing reserves held in RiverWare,”<sup>1</sup> approximately 370 MW INC and 500 MW DEC. “The difference between hourly generation in the rate case and the test case are then valued at the

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<sup>1</sup> Bonneville Power Administration, BP-24 Rate Case & TC-24 Tariff Proceeding Workshop, at 11 (May 25, 2022).

corresponding Aurora hourly Mid-C price.”<sup>2</sup> According to BPA, the initial approach may be problematic because “[h]ourly RiverWare generation deltas coupled with BP-22 hourly Aurora prices produce an annual average EIM benefit of about \$4M.”<sup>3</sup> According to BPA, \$4M does not reflect BPA’s expected EIM benefits or BPA’s “expected operations as the flexibility is not responsive to EIM price signals.”<sup>4</sup> This level of benefits is also far lower than the anticipated level of benefits in the 2019 EIM Record of Decision (“ROD”), which referenced potential benefits in the \$27-\$47 million range.

Due to concerns that the level of benefits forecast was overly conservative, BPA presented an alternative approach in which the Agency would “[l]everage the RiverWare hourly generation deltas from the initial approach to estimate a range of EIM flexibility and participation.”<sup>5</sup> Although results for BP-24 will differ, BPA has estimated that the annual average EIM benefits associated with the alternative approach to be approximately \$18M. Combined with the Gen Inputs EIM cost reduction of approximately \$4M, the estimated EIM net benefits in Power Rates is approximately \$14M.

Generally, AWEC finds that BPA’s alternative approach makes progress in the right direction. BPA’s alternative approach more closely aligns with the lower range of level of benefits anticipated in the 2019 EIM ROD, referenced above, and is closer to the level of benefits recommended in AWEC’s BP-22 rate case testimony. However, AWEC maintains that additional analysis around the likelihood and magnitude of over- and under-estimation relative to this level is warranted, which will enable BPA and stakeholders to determine if a higher level of assumed EIM benefits is appropriate.

AWEC looks forward to continuing to work with BPA and stakeholders to determine the appropriate methodology for forecasting EIM benefits in Power rates and to ensure those benefits are recognized in the BP-24 proceeding.

*/s/ Bill Gaines*  
Executive Director  
Alliance of Western Energy Consumers

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<sup>2</sup> Id.  
<sup>3</sup> Id. at 12.  
<sup>4</sup> Id.  
<sup>5</sup> Id. at 13.