



May 29, 2019

*Via Electronic Submission*

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

**Re: Energy Imbalance Market**

Dear Administrator Mainzer:

The Alliance of Western Energy Consumers (“AWEC”) appreciates this opportunity to provide comments regarding the Bonneville Power Administration’s (“BPA”) investigation regarding its participation in the Western Energy Imbalance Market (“EIM”). AWEC represents large energy consumers throughout the West, including customers that receive energy supply services from BPA and its resources. Accordingly, AWEC is interested in ensuring that BPA’s participation in the EIM occurs in a manner that is equitable and that considers customers’ contractual rights to the system, as well as the costs and benefits of participating in the EIM.

AWEC is supportive of BPA’s investigation of the risks and benefits of joining the EIM. AWEC believes that effective markets create benefits for all participants, and it appears likely that significant benefits to the region could be realized through BPA’s participation. Notwithstanding, it is important for BPA to be fully prepared for the transition. AWEC therefore appreciates that BPA is holding a robust public process and is committing resources to developing BPA’s role in the EIM, as well as ensuring that the regional benefits truly outweigh the risks associated with market participation. When considering issues related to the EIM, AWEC recommends BPA pay attention to, and participate in, the Enhanced Day-Ahead Market process. If such a market is developed, the framework BPA develops when joining the EIM may lay the foundation for how issues get resolved in that process. Conversely, BPA should ensure that the mechanisms to protect the region that are developed around entry into the EIM are not eroded, should the Enhanced Day-Ahead Market be stood up.

Specifically, EIM issues concerning resource adequacy should be given particular attention. For example, AWEC recommends BPA continue its study of the flexible ramping reserve requirements in the EIM to be certain that the EIM reserve framework will be compatible with the limitations and framework within which the federal system operates, including oversupply events. AWEC understands BPA is working through these issues and looks forward to further dialogue as the process progresses.

Finally, AWEC believes that BPA and stakeholders should not wait for future rate cases to begin thinking about allocation of the costs and benefits attendant to EIM participation. For example, movement to real time market pricing for certain products may create costs or benefits that do not clearly align with the way that BPA currently allocates the responsibility for INCs and DEC's between the FCRPS and transmission customers. The ancillary service rates customers pay today do not consider the possibility that a transmission customer could purchase ancillary service, such as imbalance services, and then resell those ancillary services into the EIM at a mark-up. While AWEC appreciates the magnitude of the work in front of BPA and its stakeholders today, consideration of allocation issues now will lead to a better, more equitable implementation later.

AWEC appreciates the opportunity to provide these comments. AWEC views BPA's activities with respect to the EIM to be positive and looks forward to seeing how BPA's role in the EIM develops.

/s/ John Carr

Executive Director

Alliance of Western Energy Consumers