



Energizing Life in Our Communities

May 12, 2021

Comments of Public Utility No. 1 of Snohomish County regarding Bonneville Power Administration's April 27, 2021 EIM Implementation Workshop

Submitted via email to techforum@bpa.gov

Public Utility District No. 1 of Snohomish County (Snohomish) appreciates Bonneville Power Administration (BPA) staff's continued engagement with customers relating to BPA's potential entrance into the Western Energy Imbalance Market (EIM). Snohomish found the April 27, 2021 workshop (April Workshop) very informative. In particular, we thank BPA staff for adopting Snohomish's request to add a comment review section at the beginning of the meeting. It was helpful for tracking issues and ensuring we have the opportunity for continued engagement when needed.

We offer the following comments for consideration on topics covered at the April workshop.

Market Separation

During the discussion of energy imbalance (EI) and generation imbalance (GI) settlements as part of the Customer Impacts study (April Workshop Slide 30), some questions arose regarding the circumstances under which BPA could potentially pause or cease participation in the market after joining. The topic is partially covered in Attachment Q, Section 10 of the proposed BP-22 tariff provisions, but **Snohomish believes that additional structured discussion around how these proposed tariff provisions would be implemented may help establish clear expectations among BPA and customers.**

Three types of market separation are described: Temporary Suspension by the Market Operator, Termination of Participation in EIM, and Corrective Actions for Temporary Contingencies. For each type as applicable, Snohomish would like to better understand:

- Conditions that could lead to the separation occurring

- BPA's decision-making process, including customer input around separating
- Expected time to implement separation
- Notice provided to customers
- Operating procedures in the event of termination
- Customer impacts besides the change from Schedules 4e/9e to 4/9
- Other incremental actions BPA could take to address concerns that may be less drastic than separation
- Conditions, procedures, customer input, customer notification, and timeline for fully rejoining the market

Behind the Meter Non-Participating Resources

Currently generators that are behind an LSE's POD meter and dedicated to serving the LSE's load are exempt from individual GI charges; instead the internal generation is netted against the LSE's load for purposes of EI calculation (see Generation Imbalance Service Business Practice, Section B). Our understanding from the discussion of Generators to be Modeled in EIM (April Workshop Slide 24) is BPA is proposing that in the EIM, all behind-the-meter resources larger than 3 MW would incur individual GI charges and would no longer be netted against an LSE's load and included in the LSE's EI calculation.

Snohomish would prefer that BPA retain the current business practice of netting for imbalance settlement of behind-the-meter non-participating resources even if BPA joins the EIM. Eliminating netting will add customer administrative burden in the form of additional meter values to check, additional settlement data to validate, and additional points of exposure to monitor for potential persistent deviation that may not truly be individually meaningful. It is not clear to Snohomish what would be the harm to BPA and/or customers of retaining netting, and whether that harm outweighs the benefits to customers of retaining netting. **Snohomish requests more information on BPA's rationale behind this proposed change.**

During the workshop, BPA staff did not have a clear response to customer questions about the treatment of behind-the-meter resources for periods that BPA is *out of* the EIM, and suggested

customers follow up in written comments. **Snohomish also requests clarification as to BPA's proposal on the treatment of behind-the-meter resources during periods that BPA is out of the EIM.** During the workshop, BPA did not have a clear response to customer questions about this topic. As described above, Snohomish's preference is that BPA retain the current business practice. However, **if netting is not possible during periods BPA is in the EIM, then Snohomish suggests BPA revise the business practice along the lines of the following:**

- **In the period between the start of the rate period in October 2021 and when BPA joins the EIM, the current netting policy should remain in place**
- **After BPA has joined the EIM, during any periods when BPA is temporarily out of the market for a period less than one month, BPA *should not* revert back to netting** because the administrative burden of changing back and forth may be greater than the burden avoided through netting for a short period.
- **However, if BPA exits the market permanently or expects to be out for longer than one month, BPA should revert back to the netting policy.**

VER Forecasting and Scheduling

Snohomish appreciates the additional information provided on BPA's plans for Variable Energy Resource (VER) forecasting and scheduling in the EIM. We have specific feedback on two items.

Scheduling Timelines prior to BPA joining EIM

Slide 36 contains a table showing requested and required schedule submissions covering the period between the start of BP-22 on 10/1/21 and BPA's planned EIM go-live date on 3/2/22. Snohomish is concerned about the potential implications of a required "final" schedule submission at T-57 prior to BPA joining EIM. It was unclear from BPA's presentation whether BPA is proposing that the "final" T-57 schedule would be used for financial settlements of imbalance, persistent deviation (PD), and intentional deviation (ID) prior to BPA joining the EIM. Further, it was not clear whether this deadline also applies to all schedule submissions (not only VERs) starting on 11/24/21. **Snohomish requests BPA provide clarity on these two**

points, perhaps as part of a broader discussion on BPA's operational and settlement-related plans during the Parallel Operations period.

In our prior comments in this workshop series we have encouraged BPA to include customers in the parallel operations process, as we believe this will help us ensure that we are ready for BPA's go-live. We are open, for example, to submitting draft schedules on the earlier EIM timelines based on our best information at the time. **However, during the period before BPA joins EIM, we believe that customers should retain the ability to update schedules up until the current T-20 deadline, and that these updated schedules should be used for any financial settlements, including EI, GI, PD, and ID.** There are two main reasons for this.

First, just as BPA will be using the parallel operations period to test new systems, internal processes, interfaces with CAISO, etc. we anticipate using this period to adjust our own internal processes, test any new communications interfaces with BPA, etc. There may be some "growing pains" or other issues that arise during this period when we are all working to get ready, and just as BPA will not be subject to any EIM settlements from CAISO during this period, we don't believe that customers should be subject to financial implications arising from using the EIM scheduling deadlines prior to BPA joining the market.

Second, prior to BPA joining the EIM, Schedules 4 and 9 will be in use for energy and generation imbalance, rather than schedules 4e and 9e. One major change between the new 4e/9e schedules relative to the existing 4/9 schedules is the elimination of the EI and GI bands which effectively act as a pricing penalty for large imbalance quantities. Part of the rationale for BPA Staff's proposal to eliminate the bands is to help mitigate the harm to customers of any potential imbalance increase due to the earlier EIM scheduling timelines (see August 26, 2020 Workshop Slide 18). Using the earlier EIM scheduling timeline prior to joining the EIM, while simultaneously using the EI and GI bands under Schedules 4/9 would not provide that same mitigation.

Forecast delivery changes

Snohomish looks forward to forthcoming details on the new VER API. Slide 34 states that BPA will post the forecast for 5 minutes before the next update. **Can BPA clarify whether a particular vintage forecast would no longer be available after the next update? If so, Snohomish would recommend retaining at least the T-70 vintage forecast for an extended period of time.** This value is particularly important because it will serve as the basis for the intentional deviation penalty. In the event of a communication error or other issue that prevents the customer from pulling the value in the 5-minute window, it would be helpful to be able to go back and retrieve it later for scheduling and settlement validation purposes.

Tag Status and Scheduling Deadlines

During the workshop, a question arose regarding the required status of E-Tags submitted to meet the T-57 base schedule submission deadline. **Snohomish requests clarification as to whether tags must be approved, or whether pending tags will be allowed for this purpose.** The treatment of pending tags will impact both non-federal generators that use the summation of E-Tags as the source of its base schedule and Variable Energy Resources that are subject to intentional deviation penalties. The EIM section of CAISO's Tariff includes approved, pending and adjusted E-Tags to determine import and export Base Schedules (Section 29.34).

Snohomish recommends that BPA also allow pending tags to be used to determine base schedules. In Snohomish's experience, counterparties do not always actively approve E-Tags and rather allow the E-Tag to be passively approved, which may make submitting approved tags infeasible in light of the 13-minute window between the T-70 VER forecast and the T-57 tagging deadline.

Data Reporting

Snohomish thanks BPA for proposing to include some EIM reporting during the Quarterly Business Reviews (QBR) and looks forward to the discussion that was postponed until the May workshop. We offer some preliminary feedback based on the information provided in the April Workshop slide deck that we hope that will help inform the discussion in May.

We believe that including the CAISO quarterly benefit report and qualitative market updates are a good start and also support the additional suggestions provided by PPC in their April Workshop comments. During the Phase III workshops and ongoing rate case, there have been several issues for which BPA and/or customers suggested revisiting a decision for future rate periods after BPA has joined the EIM and has operational experience and/or data to work with. We have listed some issues that could benefit from post-go-live reporting below and would like to work with BPA and customers to determine specific reporting metrics that may be useful.

- EIM Benefits forecast for power rates
- Allocation of Power Services actual EIM dispatch charges and credits between the composite and non-slice cost pool
- Impacts to BPA's Area Controlling Supplier Emission Factor of EIM participation and of being deemed delivered to CAISO
- Allocation of EIM congestion rent associated with ETSR transmission donation
- Allocation of EIM Entity charge codes (base, neutrality, over/under scheduling, other)
- Impacts and results associated with BPA's approach to passing the balancing test and other resource sufficiency evaluations.
- Effectiveness of persistent deviation penalty in the EIM environment and whether it should be retained

Prior Comment Follow-Up

GHG Accounting

In our comments following the March workshop, we requested that BPA conduct regular analysis and reporting to customers about the impacts to BPA power revenues and its ACS emissions factor, and establish limits or guardrails around deeming to avoid runaway emissions factor increases. BPA responded that the ACS factor is public information and that BPA will provide information on updated ACS factor at the following QBR.

Snohomish does not believe this response adequately addresses our request. We appreciate that the ACS emissions factor is public information, but it is an annual metric and only updated after the fact, when it is too late for BPA to change EIM bidding practices to impact the ACS emissions factor. We hope that internally, BPA can establish some metrics to estimate and monitor impacts of EIM dispatch on the ACS value closer to operational timeframes in order to preserve its ability to make adjustments to BPA's approach to EIM bidding, including the hourly

decision to allow EIM sales to California. We further hope that BPA would be willing to report out these estimated ACS impacts for customer awareness, potentially at the QBR.

Settlements

We reiterate our request for BPA to provide preliminary or draft EIM settlement statements and bills as early as possible so customers can incorporate into our IT systems. The timelines provided by BPA to date will pose a challenge for customers attempting to automate settlement validation in advance of go-live.

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Snohomish thanks BPA staff for hosting this workshop series and looks forward to continued engagement on implementation as we all prepare for BPA's potential entrance into the EIM next spring. Please don't hesitate to reach out if you have any questions.