

July 8, 2020

RE: Comments on Bonneville's June 23-34, 2020 BP-22/TC-22/EIM Phase III Workshops

Powerex appreciates Bonneville staff's continued efforts to engage its stakeholders on in the workshop process. Powerex offers the following comments in response.

EIM Transmission Usage on the Network (Issue #5)

This issue involves which transmission products should be eligible for Interchange Rights Holder donation for EIM transfers. BPA seeks to allow donation in a manner that "best considers the efficient function of the EIM via EIM transfer and the operational and commercial impacts to BPA's transmission system and customers."¹ BPA outlined two alternatives: (1) status quo – only firm Point-to-Point ("PTP") transmission may be donated for EIM transfers; or (2) both firm and non-firm PTP transmission of any term may be donated for EIM transfers. While Staff's analysis under the decision criteria states the two alternatives have comparable risks, Staff recommended Alternative 2 due to the "risk to market efficiency" presented by Alternative 1 and the "significant benefit to the region" accruing due to "more flexibility for donations of transmission to the EIM," notwithstanding that no other EIM Entity allows for the donation of non-firm PTP transmission for EIM transfers.²

Powerex is generally supportive of Staff's recommendation for Alternative 2, and supports efforts to facilitate additional EIM transactions through the potential use of non-firm transmission for EIM Transfers when BPA deems such transmission is sufficiently reliable to avoid material risk of curtailments and market disruptions. Where the EIM relies on "as available" transmission in real-time, it is important to recognize that the EIM market optimization incorporates that transmission into its solution, and thus the EIM will ultimately produce less efficient market results if the ETSR quantities being donated exceed the true transfer capability between BAAs. Frequent and/or large interruptions of EIM transfers will likely result in disruptive impacts not only to BPA, but also to other EIM Entities anticipating those transfers. For these reasons, Powerex urges BPA to carefully evaluate the specific rules and approaches to determine both the quantity of non-firm transmission that may be donated for each path (with certain highly constrained paths, such as the Southern Intertie, being limited to firm donation only), as well as the approach to address how BPA will accept requests for donations to be made (such as a transparent day-ahead allocation process with priority provided to requests to donate firm transmission rights).

Transmission Losses (Issue #9)

During the June 24, 2020 workshop, BPA described several alternatives for settling line losses. Staff ultimately recommended Alternative 3 for the BP-22 rate period. Alternative 3 will keep in-kind loss returns at 168 hours after flow and implement financial settlement only for inaccurate returns.³ Powerex does not oppose Alternative 3 for the BP-22 rate period. Staff, however, also recommends Alternative 6 for the BP-24/TC-24

¹ BPA, June 23, 2020 Workshop Presentation at 46.

² *Id.* at 57-60.

³ BPA, June 24, 2020 Workshop Presentation at 30.



rate period, where Alternative 6 eliminates all in-kind loss returns and would allow financial settlement only.⁴ Powerex believes that such recommendations by Staff are premature and does not endorse this aspect of the recommendation. Loss settlements should be discussed in workshops before the BP-24/TC-24 rate period and not pre-determined now.

Again, Powerex appreciates Bonneville engaging customers on these important topics.

Sincerely,

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Market Policy and Practices Manager

⁴ *Id.*