

**COMMENTS OF THE WESTERN PUBLIC AGENCIES GROUP
REGARDING THE BP-22, TC-22 AND EIM PHASE III JANUARY 28, 2020
WORKSHOP**

Submitted: February 11, 2020

The utilities that comprise the Western Public Agencies Group (“WPAG”) appreciate this opportunity to comment on various topics presented by the Bonneville Power Administration (“BPA”) at its BP-22, TC-22 and EIM Phase III workshop held on January 28, 2020.

1. EIM Transmission Usage for Network. We found the Step 1 and Step 2 presentation on EIM Transmission Usage for the Network informative and are looking forward to Steps 3-4. BPA staff’s proposed objective to “adopt transmission-related policies for EIM use of BPA’s network that are nondiscriminatory and do not negatively impact reliability and efficient EIM market while mitigating the commercial impacts on BPA’s transmission system and customers” appears fine in the abstract. Although, it may need adjustment when we start to consider substantive alternatives and their respective implications in Steps 3-4.

When presenting alternatives, BPA must be clear as to how each alternative fairs under the sub-elements of the proposed objective (i.e., non-discriminatory, does not negatively impact reliability, does not impair market efficiency, and mitigates commercial impacts). With respect to the criteria of ensuring that alternatives mitigate the commercial impacts on BPA’s transmission system and customers, BPA should identify the nature and materiality of the commercial impacts it expects from the alternatives and allow that in some cases it may need to eliminate an adverse commercial impact altogether rather than merely mitigate it in order to ensure the rights and expectations of BPA’s existing transmission customers under its tariff are met.

2. Section 7(f) Power Rate Options. In the last rate case, WPAG argued that BPA should look to make more forward sales of its firm surplus energy and that portion of its secondary inventory with the highest degree of certainty of being realized. Potential benefits of such increased forward sales include diversifying the risks associated with the secondary revenue forecast BPA uses to set rates, improving rate stability, diversifying BPA’s exposure to the commodity market, and, ultimately, lowering the PF Tier 1 rate. For these reasons, we generally support further exploration of new Section 7(f) rate concepts so long as they are available to all of BPA’s preference customers, do not require BPA to augment the federal system on a planning basis, and are prudent from a financial and risk perspective that takes into account both the length and amount of the obligation. We look forward to engaging on this issue in the future.