September 11, 2020

Via Email (techforum@bpa.gov)

Re: Shell Energy North America (US), L.P. comments to the Bonneville Power Administration's TC-22, BP-22 and EIM Customer Workshop presented August 25 and 26, 2020.

Shell Energy North America (US), L.P. (Shell Energy) appreciates the opportunity to provide comments and feedback to Bonneville Power Administration's (BPA) August 25 and 26, 2020 TC-22, BP-22 and EIM Customer Workshop.

Issue #2: Losses on EIM Transfers

Shell Energy believes that BPA should not charge losses on EIM transfers to customers who will not garner any benefit of EIM participation. Shell Energy takes issue with "Measured Demand" being constructed to include BPA BAA Exports and wheeling-through schedules. Charging exports and wheeling schedules an RTEIO (real-time imbalance energy offset) creates an inappropriate cost-shift whereby all customers, including those without EIM participating resources provide compensation for EIM-induced losses, even as these customers garner none of the benefits of EIM participation. Shell Energy requests BPA to develop a methodology reflecting cost causation where costs are allocated to reflect participation in the EIM.

Issue #6: Donation Timing for Transmission ETSRs

Shell Energy generally supports a timeline for donation which gives BPA time to sum TSRs and author E-tags between adjacent entities. Shell Energy is concerned the T-77 timeline will limit transmission available for EIM use. This deadline falls before the binding publication of the BPA-forecast for wind and other VERs published at T-70. This timeline is at odds with maximizing ETSR donation unless BPA allows transmission customers to recall capacity donated at T-77 for scheduling needs; otherwise, customers may elect to minimize donations. Shell Energy suggests BPA align the timelines for VERs and ETSR donation by publishing the BPA-forecast for VERs earlier than T-77.

Issue #12: Generation Interconnection

No comment.

Issue #3: Resource Sufficiency

Shell Energy supports BPA not setting a target for an RS test pass rate. Shell Energy seeks to better understand how these presented RS balancing options connect to gen-input issues. Since there are many unknowns, Shell Energy supports staff recommendations of balancing to a BAA load forecast or the sum of all BAA schedules.

Issue #9: Transmission Losses

Shell Energy does not support the transmission loss returns alternatives that have been proposed by BPA. The premium BPA is proposing to charge for in-kind loss returns ($3.53/MWh) and financial loss returns ($6.65/MWh) will result in a substantial increase in costs to BPA's transmission customers. The charging of a capacity component for in-kind loss returns is not industry standard and BPA has failed to present a need for this construct.

Shell respectfully requests BPA to not change the pricing methodology of in-kind loss returns for BP-22 and to begin to work with its customers to develop an acceptable in-kind loss return methodology that has physical returns sooner than 168 hours and that could very well end up being concurrent. With BPA preparing to join the CAISO EIM and all that will entail, Shell notes that there are already many issues to solve without taking on the changing of loss returns.

Shell agrees returning losses 168 hours after the fact in today's market environment may be outdated and needs to be discussed. Returning losses concurrently has been mentioned as a goal to move towards but there have been no in depth discussions as to what this will entail and BPA has stated this option is not even going to be considered until BP-24, leaving transmission customers no alternative except to pay a significantly higher cost for loss returns for BP-22. In a $25 annual average power market, this could equate to a *fourteen percent increase in cost* for in-kind loss returns.

Shell agrees it is appropriate to update the loss return factor but believes utilizing a monthly loss return factor is too much granularity; but would support a seasonal loss return factor. A monthly factor would result in distortions to the bilateral market as the changes in factors would be too frequent.

Shell Energy agrees with comments made by Puget Sound Energy during the recent customer lead workshop that it is not appropriate for BPA to waive in-kind losses without taking that option premium into account in the capacity charge calculations.

Issue #3C: Generation Inputs

Shell Energy supports the removal of the EI/GI bands as BPA proposes; and to settle any imbalance at the applicable market-based LAP price.

Shell Energy questions BPA's focus on maintaining PD/ID penalties. BPA has failed to demonstrate the need to retain these penalty structures; the EIM imbalance LAP prices will be incentive to schedule accurately. Shell Energy notes that no other EIM BAAs use these types of penalties; market-based prices are sufficient to incentivize accurate scheduling.

Shell Energy supports reopening the conversation around PD/ID if BPA can point to demonstrable trends of customers scheduling inaccurately and it subsequently affecting the FCRPS and/or the FCRTS. Until that is known, retaining ID/PD is unwarranted.

Shell Energy supports BPA's leaning to adopt the BPA meteorological forecast for VER scheduling. Shell Energy generally supports more options for customers; however, in this case, allowing multiple forecast elections would necessitate different VERBs rates, depending on the customer's election. For the ease of implementation, transparency and use of limited staff resources, Shell Energy supports BPA's forecast being the standard for VERs.

Ian White
Shell Energy North America (US), L.P.
ian.d.white@shell.com
509-688-6116

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