



**Department of Energy**

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Bonneville Power Administration  
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**CAISO EIM Offer Rules Workshop, April 30, 2018  
Bonneville Power Administration Comments**

<b>Submitted by</b>	<b>Company</b>	<b>Date Submitted</b>
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Bonneville Power Administration (Bonneville) appreciates the opportunity for dialogue with California Independent System Operator (CAISO) and other participants in the April 30, 2018 EIM Offer Rules Workshop, as well as the CAISO’s willingness to accept comments. Bonneville believes the materials provided by the parties during the workshop are both compelling and consistent with our previous comments. In particular, these initiatives would address key issues that enhance Bonneville and other Northwest entities’ abilities to help provide flexible, low-carbon hydroelectric power to California in a manner that better balances our contribution to more reliably integrating renewable energy for California with our systems’ reliability, hydraulic and environmental obligations in the Northwest. Therefore, Bonneville encourages the CAISO to conduct transparent stakeholder processes on both of the topics discussed at the April 30th Workshop, namely resource sufficiency and default energy bids, which would incorporate discussion of the determination of market power.

Bonneville is a federal power marketing administration within the U.S. Department of Energy that markets electric power from 31 federal hydroelectric projects and some non-federal projects in the Pacific Northwest with a nameplate capacity of 22,500 MW. Bonneville currently supplies 30 percent of the power consumed in the Northwest. Bonneville also operates 15,000 miles of high voltage transmission that interconnects most of the other transmission systems in the Northwest with Canada and California. Bonneville is obligated by statute to serve Northwest municipalities, public utility districts, cooperatives and then other regional entities prior to selling power out of the region.

**Resource Sufficiency**

CAISO is the Balancing Authority Area (BAA) for the ISO footprint and a Market Operator for the EIM Area footprint which includes the EIM Entity BAAs and ISO BAA. As such, it is important for all market participants that the CAISO implementations achieve reliable, equitable,

efficient and liquid market outcomes in each of its market time horizons for each of the products available within each applicable BAA. The CAISO has demonstrated that resource sufficiency is required and must be enforced. What is less clear, both our own observation and that of the April 30th presenters, is that resource sufficiency is equitably tested and enforced upon all market participants as appropriate to the BAA, time horizon and product. How resource sufficiency tests are best accomplished and enforced upon all participants should be the main topics for this Resource Sufficiency initiative process. Bonneville supports conducting a stakeholder initiative process in 2018 dedicated to examining Resource Sufficiency.

### **Default Energy Bid**

CAISO currently has three tariff-based mechanisms to produce a default energy bid (DEB) for market participants. DEBs are currently used as an enforcement mechanism for market power determinations. Bonneville markets wholesale power from the energy-limited FCRPS to meet preference load, risk adjusted marketing objectives for surplus power and reliability obligations in its Balancing Authority Area after meeting non-power constraints. As such operational considerations are paramount. Bonneville relies on our models and our people to determine how to best meet its hydraulic objectives in light of our obligations. Bonneville's participation in wholesale markets, including our possible participation in the EIM, is a tool to meet these operational objectives. Bonneville believes that incenting participation in the EIM, which is a voluntary sub-hourly market, helps to achieve reliable, equitable, efficient and liquid market outcomes which are in the interests of end-use customers and resource owners. Bonneville supports the CAISO conducting a stakeholder initiative process in 2018 dedicated to exploring revisions to CAISO's market power determination processes, formation of default energy bids, and the application of the default energy bids when market power is determined.