

# NWPP Market Assessment and Coordination Initiative

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## Participating Organizations

Avista

BC Hydro/Powerex

BPA

Chelan County PUD

Clark County PUD

Cowlitz County PUD

Douglas County PUD

Eugene Water and Electric  
Board

Grant County PUD

Iberdrola Renewables

Idaho Power

NaturEner

NorthWestern Energy

Northwest Requirements  
Utilities

PacifiCorp

Portland General Electric

Public Power Council

Puget Sound Energy

Sacramento Municipal Utility  
District

Seattle City Light

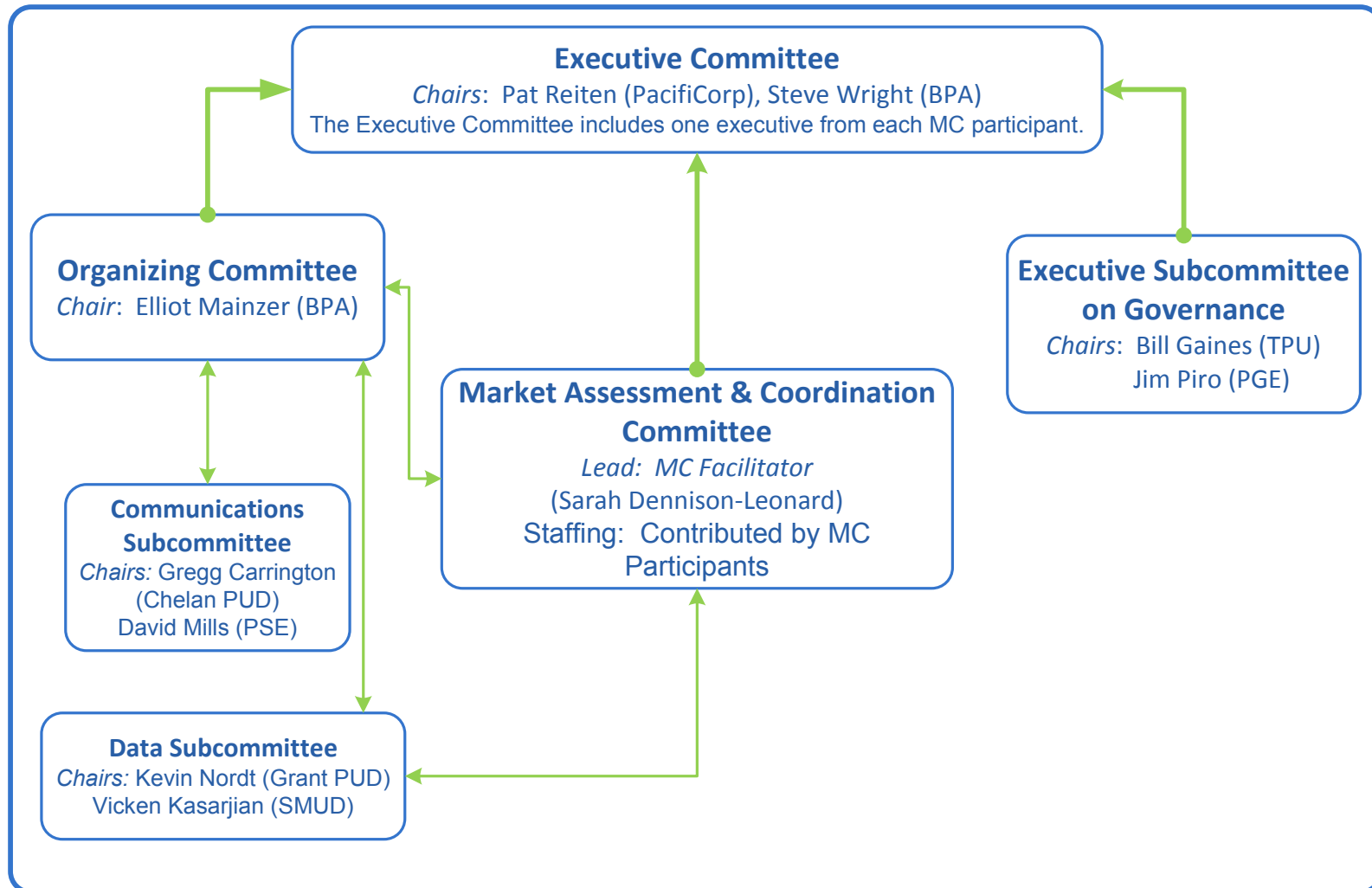
Snohomish County PUD

Tacoma Power

Turlock Irrigation District

WAPA (Upper Great Plains)

## Organizational Structure



## Problem Statement

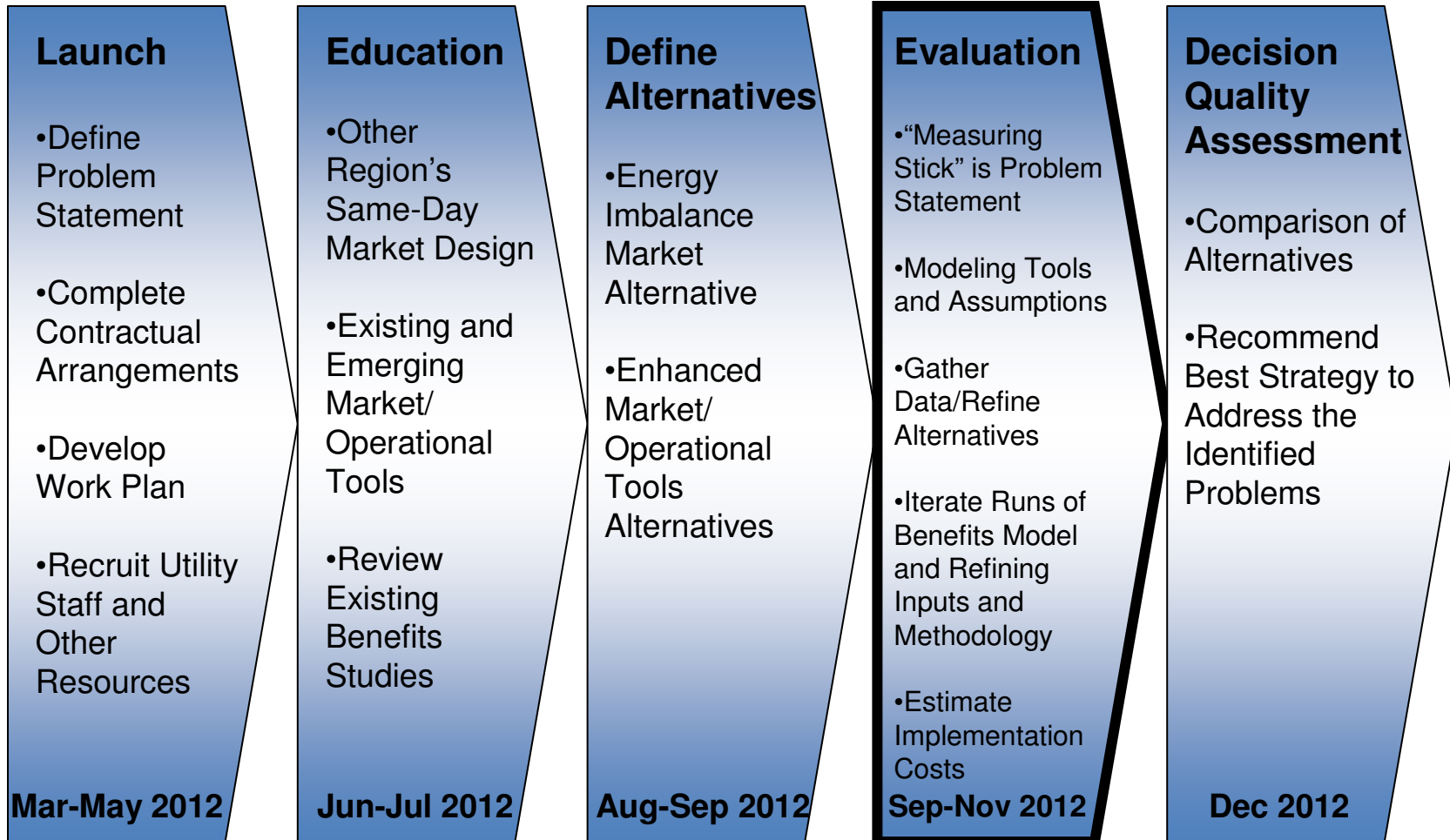
Dialogue within the NWPP Balancing Authority community over the past 24 months has revealed several challenges associated with operating the regional power system in a reliable and cost-effective manner:

1. NWPP Balancing Authorities and scheduling utilities need additional tools to respond to rapid changes in load resource balance (ramps) and the increasing demand for balancing capacity driven by the growth of variable energy resources;
2. Utilities within the NWPP footprint are managing load and resource balance without systematically sharing the diversity between their systems; this may be resulting in increased costs and wear and tear on generating resources;
3. The region's increasingly constrained transmission system would benefit from new tools for congestion management and more efficient use of existing infrastructure;

## Problem Statement (continued)

4. The costs and compliance risks associated with operating a Balancing Authority are increasing; this has reinvigorated conversations on potential BA consolidation among interested parties;
5. Evolving operational measures must clearly address cost causation and cost allocation;
6. NWPP members wish to recognize and, if possible, leverage existing platforms (such as automated sharing of contingency reserve) and innovative and valuable work from more recent initiatives within the NWPP footprint that deal with reliability, renewables integration, and transmission congestion management, including efforts by the NTTG/ColumbiaGrid/WestConnect Joint Initiative and the Northwest Wind Integration Forum. At the same time, these efforts would benefit from greater focus, coordination, and commitment to implementation among a critical mass of utilities; and
7. It is very important to the NWPP members to preserve the significant value that NWPP members already receive from the existing contingency reserve sharing program.

## Work Plan/Timeline



## Enhanced Market/Operational Tools

- Regulation Sharing Plus
- Expanded Use of ITAP (WebEx) Platform
- Intra-Hour Scheduling
- Dynamic Scheduling System (DSS)
- Intra-Hour Pre-Scheduling
- Flexible Bilateral Contracts

## Energy Imbalance Market Design Issues

1. Non-RTO Transmission utilizing multiple TSPs
  - a. Adequate cost recovery for transmission without cost shifts
  - b. Discussing Imputed Costs Model vs. Non-Imputed Costs Model (SPP)
2. Capacity and Ramping Sufficiency
  - a. Ensure/verify capacity sufficiency for ramping to cover VER fluctuations
  - b. Clarify current and future obligations of market participants and Transmission Providers
3. Hydro-electric operations
  - a. Coordinated projects on a single river system
  - b. Linked operations on multiple river systems
  - c. Address hydro opportunity cost pricing



## Analysis Team Approach

### EIM Analysis

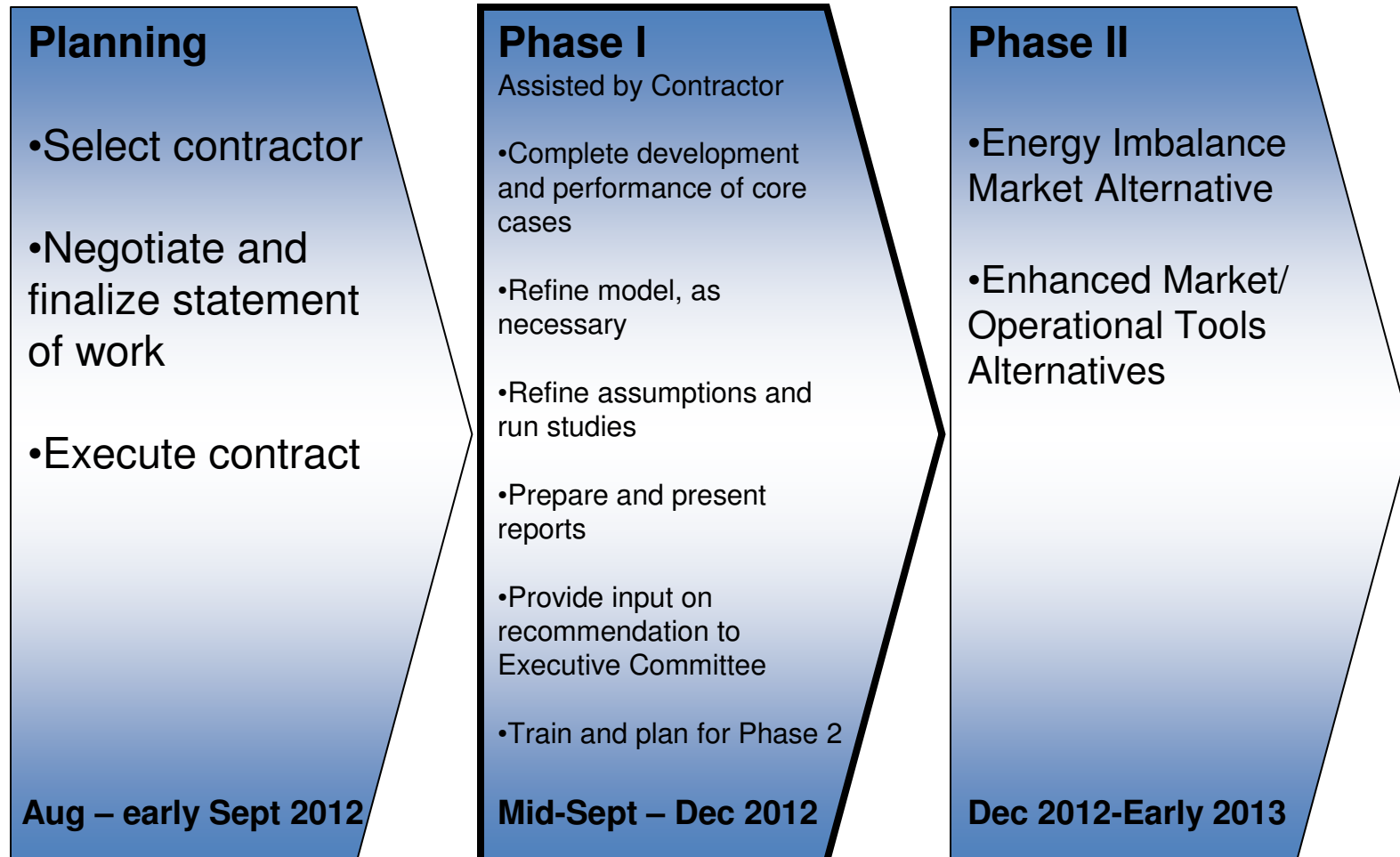
- Simplify EIM analysis where possible
  - Understand other EIM modeling efforts (e.g. WECC and PUC EIM efforts) to inform MC effort
- Determine minimum achievable Benefits
- Enlist external analysis resources
- Determine 'gaps' in analytical resources

### EMT Analysis

- Work with EMT Workgroup to define options for analysis
- Use model, cases and resources from EIM analysis, when possible
- Determine minimum achievable benefits

## Next Steps

### NWPP Analysis Team Plan



## Executive Subcommittee on Governance

### Areas of Consensus

- Stand-alone Energy Imbalance Market (EIM)
- Voluntary membership; voluntary participation in EIM
- Tentative proposal is for an “oversight” organization that is separate from the organization that operates the EIM
  - Referred to as “EIM Admin Corp”
- Member representative committee advises Board through non-binding votes

- Membership in EIM Admin Corp
  - Membership confers the right to participate in the governance process
  - Only members have voting rights
  - Binding votes on critical issues, such as election and removal of directors, change in scope, budgets, etc.
  - Clearly defined funding obligations (start-up funding for implementation of the EIM)
- Address FERC jurisdiction issues
- Opportunities for market participant and other stakeholder involvement

## Executive Subcommittee on Governance

### Areas of Continuing Discussion

- Approval thresholds for binding votes on critical issues
- Tiered funding levels for members
- Mechanisms to provide market participant and stakeholder input
- Scope of market participation footprint, as distinct from the “governance” (membership eligibility) footprint