

BPA NEWS

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BONNEVILLE POWER ADMINISTRATION
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BPA signs implementation agreement for Western EIM

Portland, Ore. – The Bonneville Power Administration took important steps this week that position it to join the Western Energy Imbalance Market and further enhance the value of the federal power and transmission systems in the Northwest.

BPA issued a record of decision that addresses numerous policy issues and topics related to its participation in the EIM. BPA also signed a Western EIM Implementation Agreement with the California Independent System Operator that signals the beginning of work on projects that need to be completed before BPA could start EIM operations.

“This milestone was made possible by the collaboration and broad participation of our customers and constituents in the Northwest,” said Elliot Mainzer, BPA administrator. “We’ve also benefited from a strong partnership with the CAISO that allowed us to carefully explore the value of the EIM for BPA and its customers, while addressing issues important to the region.”

The Western EIM is a voluntary, real-time market that offers BPA an opportunity to market the federal hydropower system more efficiently. Unlike the hourly and day-ahead markets BPA operates in today, the Western EIM dispatches generation in the most economic way every 5 minutes, balancing supply and demand across a large geographic footprint. At the same time, BPA would preserve its autonomy and retain authority over generation and transmission operations.

BPA expects that the dispatch benefits of the Western EIM will quickly pay for both the startup and ongoing costs of participation and result in annual net benefits of \$29 million to \$34 million a year. The Western EIM will also provide tools and capabilities to increase the efficiency of BPA’s transmission operations and more effectively mitigate congestion along transmission corridors.

“We have long recognized that an EIM is one aspect of a well-designed energy market, but there is still more work to be done to fully realize the value of our flexible, carbon-free federal generation,” Mainzer said. “Signing the implementation agreement will enable BPA to take a more active role in the development of new approaches to accomplish that goal.”



Current market designs do not sufficiently compensate generators for their flexible capability – the ability to provide large ramps in generation needed to balance the variability of wind and solar energy. The ISO has signaled its support for market enhancements to address these issues through an effort to develop market opportunities for capacity and flexibility. BPA is involved in these efforts and expects the ISO to develop and implement these opportunities in the next few years.

“We welcome this important step forward for the Bonneville Power Administration and the Western EIM, and we are committed in our shared vision to develop a broader energy market that values the capabilities and capacity BPA brings,” said ISO President and CEO Steve Berberich. “That capacity has a formidable value, particularly in integrating growing renewable generation portfolios.”

Since the summer of 2018, BPA has conducted a robust stakeholder engagement process to determine whether to sign the implementation agreement and to identify many of the issues and concerns addressed in the record of decision. In the next step of the stakeholder process, BPA will address a set of policy decisions that need to be made about how BPA plans to implement the Western EIM in its operations, transmission tariff and rates. BPA plans to initiate these conversations this fall.

BPA will issue a closeout letter in late 2021 that will determine whether participating in the EIM aligns with the EIM participation principles set forth in the record of decision issued today. A public comment period will follow the letter, and the process will conclude in the fall of 2021 with a final decision on whether BPA will join the Western EIM.

“BPA is committed to continued open and transparent stakeholder engagement throughout the implementation phases that will lead up to a final decision,” said Steve Kerns, the grid modernization director for BPA. “We are looking forward to continued engagement as we launch our discussion of policy issues and move into how we will implement the EIM here at BPA.”

For more information on the decision and business case to sign the implementation agreement or to read the actual Western EIM Implementation Agreement, go to www.bpa.gov/goto/EIM. For more information on the Western Energy Imbalance Market, go to www.westerneim.com.

About BPA

The Bonneville Power Administration, headquartered in Portland, Oregon, is a nonprofit federal power marketer that sells wholesale, carbon-free hydropower from 31 federal dams in the Columbia River Basin. It also markets the output of the region’s only nuclear plant. BPA delivers this power to more than 140 Northwest electric utilities, serving millions of consumers and businesses in Washington, Oregon, Idaho, western Montana and parts of California, Nevada, Utah and Wyoming. BPA also owns and operates more than 15,000 circuit miles of high-voltage power lines and 262 substations, and provides transmission service to more than 500 customers. In all, BPA provides nearly a third of the power generated in the Northwest. To mitigate the impacts of the federal dams, BPA implements a fish and wildlife program that includes working with its partners to make the federal dams safer for fish passage. It also pursues cost-effective energy savings and operational solutions that help maintain safe, affordable, reliable electric power for the Northwest. www.bpa.gov