



May 3, 2024

via email (techforum@bpa.gov)

U.S. Department of Energy
Bonneville Power Administration
A-7

Re: Comments of Renewable Northwest on BPA Staff Policy Paper on Day-Ahead Market Participation (A-7)

Renewable Northwest (“RNW”) submits these comments to the Bonneville Power Administration (“Bonneville”) regarding the April 4, 2024, Staff Recommendation and Policy Paper regarding Day-Ahead Market Participation (“Memo”). RNW appreciates the opportunity to comment in the early stage of Bonneville’s decision making regarding joining a day-ahead market. RNW fully supports Bonneville’s finding that it should pursue participation in a day-ahead market and looks forward to more details and discussions on the two options it is considering – the California Independent System Operator’s (“CAISO”) Extended Day-Ahead Market (“EDAM”) and the Southwest Power Pool’s (“SPP”) Markets+.

RNW agrees with Bonneville on the potential benefits of joining markets as the region moves toward greater integration of the power grid and Bonneville’s acknowledgement that its decisions will impact entities beyond Bonneville¹ – certainly, Bonneville’s decision will have broad-reaching impacts throughout the region given its role as a power and transmission service provider for several states. As such, RNW would like to flag some outstanding questions and areas of concern around the analysis and consideration of impacts of Bonneville joining a day-ahead market. RNW looks forward to further discussion in the day-ahead market workshops scheduled throughout the summer and hopes that these topics will be covered in the still-to-be-announced agendas.

¹ Administrator Hairston’s April 4, 2024 letter to BPA Customers, Constituents, and the Public on Day-Ahead Markets

More Information and Analysis is Needed for Bonneville's Transmission Service Customers

Robust analysis and transparent discussion on impacts to transmission customers is still outstanding in Bonneville's analysis; more discussion needed on impacts to transmission service customers beyond Bonneville revenues²

RNW appreciates Bonneville's previous discussions of the Western Markets Exploratory Group ("WMEG") study performed by Energy + Environmental Economics ("E3") and the posting of associated data for public review. To date, it appears these studies and focus have provided mostly insights into potential impacts and benefits for Bonneville's power customers. It is less clear what analysis has been performed around impacts to transmission customers. Indeed, in its policy paper, Bonneville states that assumptions made in the WMEG study were not an appropriate reflection of impacts to transmission revenues.³ Will Bonneville do further analysis on the impacts to transmission revenues?

Based on comments at previous day-ahead market workshops, it is not clear if Bonneville will perform further analysis either with E3 or another entity that will address this gap in understanding around transmission. If this is an incorrect understanding, Bonneville should make clear its intentions on doing more analysis to fill this gap in understanding of how joining a day-ahead market will impact its transmission revenues, and if that could have a financial impact on its customers. Given the amount of investment at stake (cost to start a new market with Markets+, the cost of leaving the WEIM, staff time, etc.), it seems prudent and reasonable to invest time and resources before making a decision to ensure all angles are being fully explored and analyzed.

Additionally, now that there is a filed Markets+ tariff at FERC, RNW suggests it is the right time for Bonneville to explore scenarios and the potential impacts of the two markets on its transmission service customers – from a financial and a non-financial perspective. Beyond the potential impact to Bonneville's transmission revenues, there are many outstanding questions – and many that are still emerging – around the management of the transmission system in a two-market future scenario which implicate how Bonneville transmission customers will experience both the financial and non-financial impacts and benefits. RNW encourages Bonneville to fully explore the potential scenarios of future Bonneville transmission services with the complexity of maintaining open access transmission services, two different market tariffs, existing and future contractual obligations, among other operational realities that the Bonneville transmission system could face in the future.

² RNW acknowledges that the impacts to Bonneville transmission customers are both financial and non-financial in nature and suggests robust discussion is still needed on both.

³ Pages 5-6 of the Day-Ahead Market Policy Paper Attachment 1

Independent Governance is Important: More Details on Remaining Barriers Needed, Still Outstanding Questions around Markets+ Governance to be Decided

RNW fully supports Bonneville's desire for an independent governance structure for a market operator. Having predictability in future decisions that could impact future market operations is an important feature for consideration. Given Bonneville's desire to have the option of two viable markets from which to choose, and its participation in forming both markets, RNW looks forward to Bonneville's discussion and analysis of the West-Wide Governance Pathways Initiative ("Pathways") straw proposal, released on April 10, 2024, and steps toward providing an independent governance model for the WEIM and EDAM. As Bonneville has consistently noted that this independent governance issue is in a position of primacy in its decision-making process, actively engaging in the Pathways discussion to ensure Bonneville's concerns are addressed is central to ensure that Bonneville maintains the "two viable options" it has stated it wants in the day-ahead market's decision.

As a participant in the Markets+ process, RNW has appreciated the stakeholder-driven aspect of the SPP model. The independent sector inclusion in the Markets+ structure has evolved in Phase 1 and there are still some outstanding governance questions, which was part of the impetus behind the formation of an Interim Governance Working Group in Markets+. This independent voice is important – although, RNW would like to note that this sector, which comprises one third of the votes in Markets+, includes both the public interest organization sector and independent power producers (both individuals and groups representing them). This is a potentially problematic structure for ensuring public interest voices are fully heard in this voting structure, which is also limited to those who pay – or get a waiver – to become a market participant.

Governance is a complex area for consideration, with details still emerging in both market pathways. RNW looks forward to hearing more from Bonneville on its assessment and inputs to the Pathways proposal and consideration of the current and emerging structure of Markets+.

Need for More Transparent Discussion of Potential Impact to Region

RNW appreciates Bonneville's acknowledgement that its decisions will impact entities beyond itself. RNW suggests that Bonneville's decision will impact the region – Bonneville customers and non-customers alike – while also recognizing that Bonneville is also balancing this with its statutory authorities. RNW understands the limitations on BPA's decision structure due to its statutory obligations and limitations, however, RNW would like to note the comments Bonneville has received to date from around the region expressing concern around outstanding

analysis and questions on the impacts to the region.⁴ Indeed, Bonneville's decision will undoubtedly have impacts on the region's reliability and ratepayers (whether or not they are being served by Bonneville power customers), and Bonneville should endeavor to address these concerns with transparent analysis and provide for public discussion prior to moving forward with any further decision.

Renewable Northwest appreciates the opportunity to provide comments to Bonneville on its day-ahead market decision-making process to date and that Bonneville is playing a leading role in the conversation. RNW urges Bonneville to continue to take the time needed to fully and transparently explore the potential impacts to the region, and respond thoroughly to the concerns of the region's stakeholders through a robust and meaningful public process. RNW looks forward to continued engagement and discussion with Bonneville and stakeholders.

Respectfully submitted on May 3, 2024,

/s/ Diane Brandt
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Renewable Northwest



⁴ Letters from the WA and OR State Agencies, March 1, 2024; Washington Governor Inslee, January 26, 2024; Oregon Governor Tina Kotek, March 28, 2024; Oregon Legislators, March 26, 2024; and others which express items of concern that are still to be fully addressed and explored.