

Seattle City Light Outstanding Questions in BPA DAM Stakeholder Process

Seattle City Light (City Light) appreciates BPA’s commitment to address stakeholder comments in the upcoming February 1, 2024, workshop. In order to simplify this effort for BPA, City Light reviewed our prior comments (submitted August 15, October 15, and November 20) to identify the issues and questions raised by City Light that still need to be addressed and/or answered. The table below catalogues the outstanding items, grouped by topic. The column labeled “Unaddressed Issue/Ask” includes a summary of questions/issues included in City Light’s comments. The column labeled “Needs to be addressed/answered” includes a distillation of the questions and issues that we would like BPA to address during the upcoming stakeholder meeting and in the decisional document BPA produces at the end of this process. Please note, this table only includes comments and questions submitted previously; City Light will submit additional comments and questions in response to the November 29 workshop later this month. Thank you for your consideration of these issues. If you have any questions about this submittal, please contact Stefanie Johnson, at stefanie.johnson@seattle.gov.

Topic	Unaddressed Issue/Ask	Citation (comment date, page #)	Needs to be addressed/answered:
Business Case	Detail on how principles will be measured, evaluated, balanced.	10/15, p. 1.	<ul style="list-style-type: none"> • Please provide an explanation of how the principles are interpreted, and what elements/criteria define how a DAM is measured against those principles.
Business Case	Request for Cost/Benefit Analysis .	8/15, p. 2, 4; 10/15, p. 5, 6; 11/20, p. 3.	<ul style="list-style-type: none"> • If BPA is going to conduct a cost benefit analysis, when will that work be completed? • If BPA does not conduct additional cost benefit analysis, how can BPA draft a business case and/or justify a DAM decision or leaning without one?
Business Case	<p>Market Footprint and Connectivity:</p> <ul style="list-style-type: none"> • Request that BPA incorporate market footprint and connectivity into the principle stating, “sound business rationale”; • WMEG indicates that in footprint smaller than Main Split, BPA’s benefits are considerably lower. • Does BPA have a threshold for footprint size for a DAM? 	8/15, p. 2; 10/15, p. 2; 11/20, p. 1	<ul style="list-style-type: none"> • Does BPA have a threshold for what is necessary for a footprint for a potential DAM? For example, if a market that is a subset of the West does not include certain participants, does it become infeasible? • What additional footprint analysis is necessary to make this determination? • How will BPA re-evaluate its DAM decision as different entities make DAM decisions?

<p>Business Case</p>	<p>WMEG:</p> <ul style="list-style-type: none"> • In BPA’s view, what can we understand from the results of this study, and what assumptions or outcomes are unreasonable? • WMEG results raise serious questions about BPA benefits outside of EDAM; • Will BPA seek to update WMEG? If so, additional analysis should allow for like-for-like comparisons between years and alternative footprint analyses that reflect potential seams between BAs within the Pacific Northwest in order to further understand the potential for impacts seen in the Alt 3 and Alt 4 scenarios where BPA saw considerably worse results in smaller market footprints. 	<p>10/15, p. 5; 11/20, p. 1, 3-4.</p>	<ul style="list-style-type: none"> • What are BPA’s key takeaways from WMEG? Which results does BPA believe are useful and which aren’t? If BPA believes there are unreliable elements, will those areas require additional analysis? • How does BPA plan to utilize the WMEG results? • How will these results be measured against the non-economic issues? • Will BPA seek to update WMEG with additional analysis? If so, what elements will it seek to change? If BPA engages E3 to conduct additional analysis, this analysis should include like-for-like scenarios and more granular footprint analyses.
<p>Seams</p>	<ul style="list-style-type: none"> • Requested detailed analysis and discussion of seams, what will be accomplished through seams agreements, market-to-market seams are difficult—is BPA confident these issues will be able to be successfully managed?; • How will BPA’s intertie bidding participation evolve with two markets? What is BPA’s risk tolerance for market-to-market transactions? How will transmission be utilized in both markets? 	<p>8/15, p. 2-3; 10/15, p. 3; 11/20, p. 2-3, 4-5.</p>	<ul style="list-style-type: none"> • Need more info on how BPA anticipates intertie transactions will work. • What are the seams risks BPA has identified might arise between Markets+ and EDAM? • What analysis has BPA conducted to determine how seams agreements could mitigate those risks? What tools does BPA believe would be most useful? • Is there agreement among potential market participants that they want to resolve seams issues? For example, are there potential market participants who would benefit from the inefficiencies created by a seam between Markets+ and EDAM, and, thus, would not support seams agreements BPA would need for improved benefits? (i.e. is there a risk that stakeholders might not be in agreement that seams are a problem, and thus not support resolving issues?)

Business Case	<p>Implementation Costs:</p> <ul style="list-style-type: none"> Request for an estimate of upfront and implementation costs for both Markets+ and EDAM and timing for payment. 	10/15, p. 4.	<ul style="list-style-type: none"> Provide implementation costs—these are an important component of this analysis. Timing of costs is also important to understand how these costs tie to BPA's decisional timeframe.
Governance	<ul style="list-style-type: none"> The governance structure necessary for a DAM is different than that would be necessary for participation in a full RTO. The consideration of governance should balance against the most impactful factors in DAM benefits. BPA had WMEG results showing the \$105.9M difference in benefits between the EDAM Bookend and Markets+ Main Split but BPA is not participating in Pathways—calls into question how serious BPA is about it is about governance and what the “cost” of governance would be. 	8/15, p. 4; 11/20, p. 4.	<ul style="list-style-type: none"> How will BPA weigh any cost/benefit analysis and/or the WMEG results against governance? For example, what if the market with a preferred market design that arises through the preferred governance structure still does not provide the greatest financial benefits due to limited footprint and connectivity? In that situation, what price is BPA willing to put on governance? Is there a threshold by which BPA would measure this? How will other risks/benefits of the potential markets be weighed against the perceived risks/value of governance? If BPA indicates a leaning toward Markets+, how will BPA reassess its decision if there is a governance change developed through the West Wide Governance Pathway Initiative?
Process	<ul style="list-style-type: none"> Provide clarity around BPA's DAM decisional process and how it will impact/align with BPA's decision for funding Markets+ Phase 2; Provide detail on what the final document from this process will include. What questions will be resolved in the remaining months of this effort and what questions will be answered in later phases of analysis? What criteria will BPA use to determine a Phase 2 funding decision? 	10/15 p. 3, 4-5; 11/20, p. 5-6.	<ul style="list-style-type: none"> There is still a lack of clarity around what this current process will yield (See recent RTO insider article stating BPA has changed its approach in this process). BPA needs to provide in writing more detail about what to expect when. Does BPA plan to issue a ROD for this decision similar to what was done for EIM? Considering that BPA has indicated that DAM participation is of a different magnitude that necessitates different governance than is utilized for EIM, it seems likely that BPA would, at a minimum, need the same amount of analysis and record of decision that was utilized for EIM.

<p>Correcting Errors</p>	<ul style="list-style-type: none"> From 10/23 presentation of WMEG results, the tables on slides 28, 29, and 30 have incorrect +/- signage for the change in net costs calculated under Alt Split 3 and Alt Split 4 results. This error has created confusion for stakeholders and other interested parties and has resulted in misunderstanding of the potential costs of these footprints. 	<p>11/20 p. 4.</p>	<ul style="list-style-type: none"> Please correct error from 10/23 meeting materials posted online and clarify in upcoming discussions.
<p>Additional Considerations</p>	<ul style="list-style-type: none"> Unwinding the interconnectedness and benefits of the broad footprint market we leverage today if move away from CAISO. Risk of making a potential change in markets so soon after joining EIM- staff fatigue and burnout. EDAM is an incremental add on to WEIM, which is well-established and operational, and one that BPA is already a participant in. Markets+ is being built from the ground up- creating additional risk. 	<p>10/15, p. 7-8, 8-9.</p>	<ul style="list-style-type: none"> How is BPA weighing these potential issues associated with moving away from CAISO (reduced connectivity from status quo, potential for staff fatigue and burnout)? What are the risks of a new RC and an entirely new market (both day ahead and real time) that needs to be stood up all at once? BPA previously determined in the EIM ROD that there was benefit to joining a market that is simply an extension of an existing market. How will BPA reflect or account for that prior reasoning/consideration in its current decision?