



John Hairston
BPA Administrator

March 12, 2024

Re: Future Markets in the Pacific Northwest

Dear Mr. Hairston:

We have been reviewing the reports and lessons learned from the cold weather this past January. We were shocked to learn that the region paid CAISO in the range of \$125 million in transmission congestion rents during this short period of time. According to Energy GPS, the market design implemented by CAISO results in over 90% of the value of the California – Oregon Intertie (COI) accumulating to CAISO and less than 10% accumulating to the PNW.


CAISO collected an incredibly disproportionate share of the value of the COI for CAISO rate payers. Money that is on no way related to the value of the assets. If markets are supposed to be designed to ensure efficient and effective use of infrastructure, this is an indication of the true nature of the CAISO market and their intent.

CAISO is designed for the benefit of Californians and that is as it should be. It was very well designed for that purpose. A change in governance will not change that design premise. We do not believe that anything except changes around the edges to try and make it more palatable for those outside California will ever be done.

We have long believed that the Pacific Northwest needs its own market with the seams issues to other markets designed appropriately. This is the only reliable option to protect the investments and value of the infrastructure of PNW utilities, transmission owners and generators. This includes our assets and those of BPA.

Markets for some entities may be about optimizing west coast infrastructure. We believe that markets should be about optimizing the differences between markets and that seams issues are both appropriate and valuable interfaces to negotiate. As such, we firmly believe that a well implemented SPP plus market or a separately designed Pacific Northwest regional market is the right solution and ask BPA to aggressively take the same position.

Respectfully,
PUD #1 of Klickitat County Commissioners


Randy Knowles, President


Dan Gunkel, Vice President


Doug Miller, Secretary

Cc Jim Smith, General Manager