



**Bonneville's Public Engagement for Establishing a Policy Direction on  
Potential Day Ahead Market (DAM) Participation - Workshop 5**  
February 1, 2024

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# Agenda

- Update on BPA's decision process and timeline for calendar year 2024
- Review of BPA's DAM evaluation and decision criteria
- Update on BPA's DAM public comment tracking
- Responses to public comments at this workshop



# Update on BPA's Decision Process and Timeline for Calendar Year 2024



# What has changed since July 2023?

- EDAM Go-Live Date
- Markets+ tariff filing schedule
- Markets+ phase 2 funding schedule
- Customer and constituent comments

# What is BPA's DAM Decision timeline for CY24?

2024

Apr May Jun Jul Aug Sep Oct Nov



# Key dates for Calendar Year (CY) 2024

- First week of April
  - Policy Letter
    - A “light touch” on both BPA’s business case concerning DAM participation and BPA’s legal authority to participate in a DAM
    - A description of BPA’s strategic vision related to DAMs, including a staff recommendation on whether to pursue participation and which DAM may be the best fit for BPA at this time

# Key dates for CY24 (cont.)

- April through July
  - BPA will continue to hold workshops over the spring and early summer
    - BPA is targeting the first week of May for a workshop that will focus on its DAM policy letter, DAM staff recommendation, and public comments received regarding the policy letter
    - Additional workshop dates are: June 5<sup>th</sup>, August 6<sup>th</sup>, and tentatively September 19<sup>th</sup>
    - Topics will include working through DAM related scenarios and developing BPA's DAM business case
    - BPA's goal is to present a full business case at the August workshop

# Key dates for CY24 (cont.)

- End of August
  - BPA will release a draft policy on DAM participation
    - This will include a discussion of BPA's legal authority to participate and full business case regarding potential DAM participation
  - This draft policy will either validate BPA's initial staff recommendation or lay out an alternative direction



# Key dates for CY24 (cont.)

- There will be a public workshop on the Draft DAM Policy to address any requests for clarification
  - This workshop will be scheduled for September
- BPA's final DAM policy and record of decision (ROD) will be released near the end of November
- Any participation decisions would need to be finalized in BPA's rate and tariff cases



# Review of BPA's DAM Evaluation and Decision Criteria



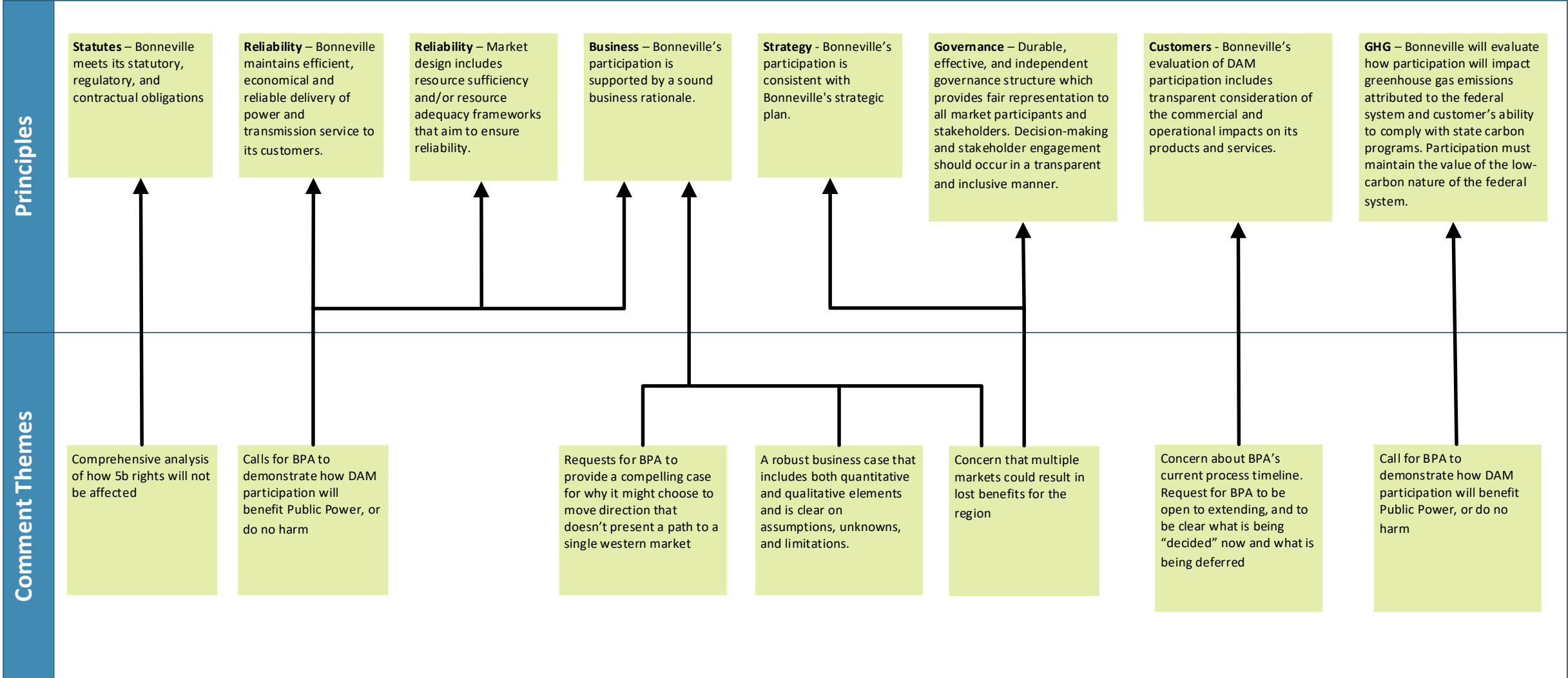
# Draft DAM Evaluation Principles

- **Statutes** - Bonneville meets its statutory, regulatory, and contractual obligations
- **Reliability** - Bonneville maintains efficient, economical and reliable delivery of power and transmission service to its customers.
- **Reliability** - Market design includes resource sufficiency and/or resource adequacy frameworks that ensure reliability.
- **Business** - Bonneville's participation is supported by a sound business rationale.
- **Strategy** - Bonneville's participation is consistent with Bonneville's strategic plan.

# Draft DAM Evaluation Principles

- **Governance** – The market has durable, effective, and independent governance structure which provides fair representation to all market participants and stakeholders. Decision-making and stakeholder engagement occurs in a transparent and inclusive manner.
- **Customers** - Bonneville’s evaluation of DAM participation includes transparent consideration of the commercial and operational impacts on its products and services.
- **GHG** - Bonneville will evaluate how participation will impact greenhouse gas emissions attributed to the federal system and customers’ ability to comply with state carbon programs. Participation must maintain the value of the low-carbon nature of the federal system to the extent possible.

## Cross Walk of Public Comment Themes and BPA DAM Evaluation Principles



# CA Pathways Initiative and BPA's decision process

- Bonneville will continue to follow the West Wide Governance Pathways Initiative process
- Key considerations may include:
  - Whether California legislation is required
  - Whether a particular path has been prioritized for development, and how that path aligns with Bonneville's principles and timeline for implementation of a desired outcome.

# Public Comment on Evaluation Principles

Question/ Consideration (Q/C) Tracking Number	Q/C Summarization of Text	BPA Response
<p><b>27.06 - OR/WA State Agencies</b></p>	<p>As the respective potential DAMs in the West, CAISO’s Extended Day Ahead Market (EDAM) and SPP’s Markets+ proposal, continue to develop, there may be a continuous need to discuss additional principles and granularity of decision principles for this process.</p> <p>General support for the proposed principles presented at the July workshop. In particular, the draft reliability principles presented at the workshop are critical. However, the principles BPA used for its decision to join the Western Energy Imbalance Market (WEIM) and the Western Resource Adequacy Program (WRAP) are not sufficiently granular to be the basis of a decision by BPA for whether and how to participate in a DAM, as BPA has publicly framed the decision in light of a potential future Regional Transmission Organization.</p> <p>Request that BPA revisit principles at future workshops to provide transparency about BPA’s priorities and objectives, and provide opportunities for commenters to make more granular and specific proposals while keeping the conversations on schedule.</p>	<p>Bonneville believes the principles have an appropriate level of granularity. Bonneville will continue to be open to discussion and comment on its decision criteria throughout market evaluation processes.</p> <p>While the potential for further market development, including the capability to expand to become an RTO, presented by each market operator and their respective governance structures will be a factor in BPA’s DAM decision, it is important to reiterate that RTO participation is not in scope for this decision process. A separate and distinct public process would be initiated in the future to discuss any potential RTO participation for Bonneville.</p>



# Update on BPA's DAM Public Comment Tracking





# DAM Public Comment Tracker

- BPA has published a DAM public comment tracker on its DAM process website as part of this workshop's meeting materials
- This informal comment tracker provides information regarding when comments were answered or when BPA expects to provide an answer
  - Not every question will be provided a unique answer. One answer will be used to respond to multiple questions if they are similar in nature and topic
- This tracker will be regularly updated



# Question and Comment Responses for this Workshop



# Decision Timeline and Process

Question/ Consideration (Q/C) Tracking Number	Q/C Text / Summarization of Text	BPA Response
4.14 - PacifiCorp	Is BPA planning to submit comments on the proposed Pathway Option Whitepaper by the January 12th deadlines?	Yes, Bonneville submitted comments on the Pathways Option Whitepaper by the January 12th, 2024 deadline. Bonneville continues to attend the WWGPI open stakeholder meetings and submit comments when comments are requested by the Launch Committee.
7.08 - Seattle City Light  28 & 28.01 - Western Public Agencies Group	If BPA is going to conduct a cost benefit analysis, when will that work be completed?	If Bonneville sets a staff recommendation toward joining a day-ahead market, Bonneville would conduct a cost benefit analysis (CBA) regarding Bonneville’s potential participation in a DAM. Bonneville would solicit feedback from stakeholders on any cost-benefit analysis like it did in the EIM process. Bonneville would include its CBA in a draft policy that is currently scheduled for late August with a goal of reviewing the CBA at the August workshop.

# Decision Timeline and Process

Question/ Consideration (Q/C) Tracking Number	Q/C Text / Summarization of Text	BPA Response
7.15 - Seattle City Light	<p>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>	<p>Bonneville has had initial discussions regarding additional cost benefit analysis that could be conducted beyond the initial WMEG results. The initial WMEG results demonstrated that the benefits were affected by the composition of the market footprint and we recognize that stakeholders have suggested further analysis rooted in footprint variations. We believe that analysis of additional footprint variants may be helpful in augmenting the CBA. Should we pursue supplemental vendor analysis it would likely include topics such as:</p> <ul style="list-style-type: none"> <li>• Further examination of adjustment to the market to market friction for 2026 (initial results addressed 2030 time horizon but not 2026)</li> <li>• Further examination of footprint variations                         <ul style="list-style-type: none"> <li>• A circumstance where Bonneville is not a day-ahead market participant in either market but adjacent entities are day-ahead market participants, perhaps in different markets</li> <li>• EDAM specific market benefits beyond 2026</li> </ul> </li> <li>• Examination of cost benefit results for specific hydro condition such as a dry water years</li> </ul>

# Decision Timeline and Process

Question/ Consideration (Q/C) Tracking Number	Q/C Summarization of Text	BPA Response
<p><b>27.02 - Northwest Requirements Utilities</b></p>	<p>The public process may need more time to ensure thorough evaluation of key issues. The goal to “complete the engagement within a timeline that ensures BPA continues to be at the forefront of Day-Ahead Market development” is less important and may become in conflict with providing ample time for education, discussion, and analysis. It is important to leave opportunity for adjusting the timeline of the public process or deferring some questions to other, supplemental processes if adequate information is unavailable.</p>	<p>Bonneville’s current process is to establish a staff recommendation regarding day-ahead market participation. Throughout this process, Bonneville has aimed to balance the goals of thoughtful analysis and robust public engagement. Bonneville would thoroughly evaluate key issues before any decision to join a day-ahead market.</p> <p>Bonneville’s goal is to align its decision-making with EDAM and Markets+ timelines as potential participant decisions to join will be interdependent.</p>

# Decision Timeline and Process

Question/ Consideration (Q/C) Tracking Number	Q/C Summarization of Text	BPA Response
<p>27.59 – AWEC</p> <p>27.64 - NRU</p> <p>27.71 – PPC</p> <p>27.86 - SCL</p>	<p>Concerned by the lack of clarity that remains in the public process given where we are in the process timeline.</p> <p>Request clarity on what decisions will be made in March and what issues BPA intends to address after March and when. Additional context and interpretation is needed from BPA regarding the WMEG results.</p>	<p>The materials of this workshop (February 1, 2024) should provide the requested clarity on Bonneville’s DAM evaluation process. Bonneville plans to issue a letter establishing its initial policy direction on day-ahead market participation in the spring. This policy letter will contain a staff recommendation on a direction for Bonneville concerning DAM participation and in which DAM Bonneville should assess more closely. Bonneville will hold workshops through the spring and summer to continue discussions with customers.</p>

# Decision Timeline and Process

Question/ Consideration (Q/C) Tracking Number	Q/C Summarization of Text	BPA Response
<b>27.73 - Public Power Counsel</b>	There is still significant discussion needed regarding governance, reliability implications, and product and service compatibility	Bonneville looks forward to the continued robust discussion on these topics. We encourage customers and constituents to relay any specific concerns or questions on these topics in public comments. Topics we plan to cover at the remaining workshops are working through many of the technical questions that have been sent to Bonneville via public comments, and a review.
<b>27.79 - OR/WA State Agencies</b>	BPA has set an internal deadline of Q1 2024 to set its policy direction regarding potential day-ahead market participation. This self-imposed deadline will cause BPA to set its policy direction before having sufficient information to make a sound decision.	Bonneville will issue its initial staff recommendation regarding Bonneville’s policy direction on potential DAM participation in a letter this spring and feels it has sufficient information to do so. Bonneville will then continue to evaluate this staff recommendations in additional public workshops, through public comment periods, and with a formal decision.

# Decision Timeline and Process

Question/ Consideration (Q/C) Tracking Number	Q/C Summarization of Text	BPA Response
<p><b>27.99 - Western Public Agencies Group</b></p>	<p>When will BPA make a final decision on its legal ability to join a DAM market?</p>	<p>If BPA’s policy direction is to pursue participation in a day-ahead market, the draft policy and record of decision would review BPA’s authority to participate. BPA notes that it has had open and transparent discussions with customers in workshops regarding the interaction of its power sales under section 5(b) of the Northwest Power Act as well as public and regional preference. Bonneville would review these authorities and additional authorities in its decision documents.</p>



# Decision Timeline and Process

Question/ Consideration (Q/C) Tracking Number	Q/C Summarization of Text	BPA Response
<b>27.83 - Seattle City Light</b>	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>Bonneville anticipates that it would open a public comment period and issue a record of decision on DAM participation near the end of calendar year 2024 after further analysis of staff’s initial recommendation.</p> <p>Bonneville will conduct a CBA which assesses the magnitude of products and services that would be impacted by participation in a day-ahead market, which would impact significantly more transactions than the intra-hour energy imbalance market. Bonneville will assess the best available information considering these markets are in initial stages of development but could fundamentally alter the Pacific Northwest energy landscape.</p>



# Closeout and Q&A



# Next Steps

- Post and add to the comment tracker all public comments received following this workshop
- Finalize May and September workshop dates
- Release BPA DAM policy letter

# Wrap Up

- Please submit comments on this workshop by March 1<sup>st</sup>
- BPA is in the process of moving its March 21<sup>st</sup> workshop to the first week of May. There will be an announcement once that date is finalized
- Please send comments to [techforum@bpa.gov](mailto:techforum@bpa.gov) (with “DAM Participation Evaluation” in the subject heading)
  - All formal feedback received will be posted to the BPA.gov page for BPA’s DAM Participation Evaluation