



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

INTERGOVERNMENTAL AFFAIRS

April 15, 2024

In reply refer to: AIR-7

Representative Pam Marsh
900 Court St. NE, H-474
Salem OR 97301

Senator Janeen Sollman
900 Court St. NE, S-207
Salem OR 97301

Dear Representative Marsh and Senator Sollman,

Thank you for your letter dated March 26 *Re: Concerns over Bonneville Power Administration's Process to Evaluate Benefits and Impacts Associated with Day-Ahead Market Participation*. Your points in the letter echo the importance of Bonneville Power Administration's decision regarding day-ahead markets and its role in the energy and capacity market landscape for the region.

Bonneville kicked off its day-ahead market (DAM) evaluation public process in July 2023. Since that time Bonneville has held five public workshops with subsequent open public feedback periods. On April 4, 2024, Bonneville's staff recommendation and a preliminary legal assessment regarding DAM participation was released, recommending at this time that Bonneville pursue participation in a day-ahead market because it shows significant potential to support and bolster the available supply of power needed to meet Bonneville's firm power obligations and transmission delivery, as well as the potential to deliver significant financial benefits. Currently, Bonneville staff believes the Southwest Power Pool's Markets+ option is the preferred day-ahead market for Bonneville and its customers based on market design features and governance. The staff recommendation and preliminary legal assessment are attached to this response.

A public comment period will remain open through early May and we will host a public workshop with a focus on the recommendation letter on May 8. Bonneville will continue to hold workshops through August to discuss public comments and work through DAM related scenarios. In an August workshop, Bonneville will present its final DAM business case. At the end of August, Bonneville will release a draft Letter to the Region with its proposed decision on DAM participation. This draft policy will either validate the staff recommendation or lay out an alternative direction. The final DAM policy and my Record of Decision will be released near the end of November 2024.

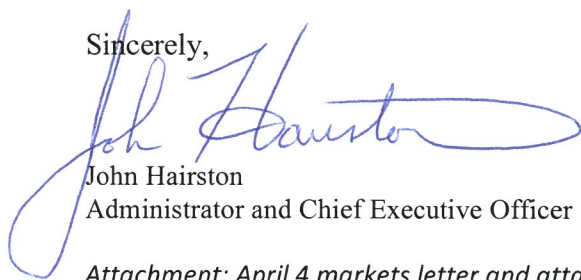
Your letter asks several specific questions, which are part of Bonneville's continuing evaluation process. We expect to respond to these questions in our August draft decision. In the meantime, my staff are available for either of your committees or if members would like to discuss Bonneville's process, evaluation principles, or any other questions related to DAM evaluation.

As mentioned in your letter, Bonneville is evaluating both the California Independent System Operator's and the Southwest Power Pool's day-ahead market offerings, including consideration of various market footprints. Bonneville considered the Western Markets Exploratory Group (WMEG) study in its analysis and assessed the expected costs and benefits of our participation in a DAM. Bonneville is assessing the proposal through the lens of providing efficient, economical and reliable power and transmission service to our customers. Initially, entity-specific study results were confidentially provided to individual WMEG members. Bonneville elected to make its results publicly available as a demonstration of our commitment to transparency.

The WMEG study is one important quantitative aspect of the assessment, but Bonneville is also working on expanded studies and other quantitative analysis as appropriate, which will be discussed in our public process this summer. Further, the DAM evaluation process is also considering many principles such as alignment with Bonneville's strategic plan, transparent and inclusive governance, resource adequacy, and greenhouse gas regulations. More details on these are discussed in the April 4 recommendation letter.

I appreciate your interest and questions. Please feel free to contact me directly or Hannah Dondy-Kaplan, Bonneville's Oregon Constituent Account Executive, at hadondy-kaplan@bpa.gov or 503-230-3100.

Sincerely,



John Hairston
Administrator and Chief Executive Officer

Attachment: April 4 markets letter and attachments
No CCs