



Department of Energy

Official File

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

EXECUTIVE OFFICE

In reply refer to: K-7

January 9, 2024

Mr. Connor Reiten
Vice President, Government Affairs
Pacific Northwest Generating Cooperative
8440 SE Sunnybrook Boulevard, Suite 200
Clackamas, Oregon 97015

Dear Mr. Reiten:

I am responding to the September 29, 2023, group-signed letter to Administrator John Hairston urging the Bonneville Power Administration (Bonneville) to focus on development of a western Regional Transmission Organization or Independent System Operator (RTO/ISO). I appreciate your summary of the potential benefits of an RTO/ISO for Bonneville customers. As your letter notes, Bonneville is pursuing an incremental approach to western electric system integration and market development.

Bonneville's recently updated strategic plan describes an incremental approach as building on our participation in a real-time market and considering the next step of day-ahead market participation consistent with our statutory obligations and the needs and interest of our customers. To that end, we are conducting a public process to review the costs and benefits of day-ahead market participation and, if expanded market participation is consistent with these objectives, choosing which market platform we will pursue. We expect one consideration to be the capability of the market platform to potentially expand into an RTO/ISO. We also participated in the Western Markets Exploratory Group to evaluate the benefits of participating in alternative day-ahead market footprints.

Your letter asks Bonneville to participate in the West-Wide Governance Pathways Initiative proposed by utility regulators from several western states. We have commented to the organizers with our encouragement for exploring the concept, but that we believe our staff resources and time should remain focused on the substantial involvement we are giving to the current day-ahead market initiatives. We explained that we believe there is a foundational challenge for the viability of the Pathways concept under California law and asked for that question to be the first focus of the effort.

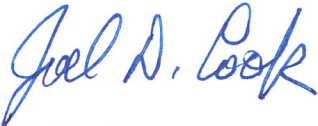
I want to emphasize the considerable work that Bonneville is engaged in on behalf of its customers and the region to meet the challenges of a changing electric industry and our statutory obligations. These include:

- Our participation in the Western Resource Adequacy Program to develop a reliable and affordable collaborative structure for resource adequacy.
- Initiating the Western Transmission Expansion Collaboration to facilitate long-term and wider geographic scope for regional transmission planning.

- Meeting our power customers' needs through the development of new Provider of Choice contracts for long-term service after 2028, and by holding our power rates flat in the next two-year rate period as we accomplished in the last rate period.

These initiatives represent considerable effort by Bonneville's leadership and staff, along with the engagement of our customers and regional constituents. We remain committed to this engagement and execution on our objectives. I appreciate your interest and vision for the potential of an RTO/ISO and look forward to continuing our mutual evaluation and deliberations as we collectively move forward.

Sincerely,



Joel D. Cook,
Chief Operating Officer

cc:

Roger Gray, President and CEO, PNGC Power