



3628 South 35th Street
Tacoma, Washington 98409-3192

TACOMA PUBLIC UTILITIES

January 5, 2024

Bonneville Power Administration
905 NE 11th Ave
Portland, OR 97232

Via email: techforum@bpa.gov; post2028@bpa.gov

Re: Comment of Tacoma Power on BPA Day-Ahead Market Evaluation

Dear Mr. Mantifel:

Tacoma Power is a power and transmission customer of BPA as well as a Western Energy Imbalance Market (WEIM) Entity and funding participant of the SPP Markets+ Phase 1 development effort. We are excited about the potential of centralized day-ahead markets because we believe that they can yield potential benefits for users of electricity. Accordingly, we support BPA's exploration of day-ahead market participation. With this said, however, day-ahead markets present complex issues. In general, we believe BPA's investigation of market options needs to consider many important factors, including the business case for participation, market design, governance, feasibility, footprint, and connectivity. Others have submitted similar and extensive perspectives, so our comment will instead focus on a single issue that has emerged as the most pressing concern for Tacoma Power--if BPA elects to join a market--then it must commit to serve its customers with products that will in turn enable its customers to be successful participants in that market.

Tacoma Power has been an active in BPA's Provider of Choice stakeholder process to define the power sales agreements that will replace expiring contracts in 2028. A general principle that appears to have achieved wide acceptance in the Provider of Choice process is that power products offered by BPA will need to be compatible with day-ahead markets. We could not agree more with this perspective. However, in our view, more work applying this principle needs to occur, and this is especially true of product design for potential participation in SPP Markets+. This is because the Markets+ design emphasizes the role of market participant, rather than participating balancing authorities and participating resource scheduling coordinators, which is how CAISO approaches EDAM and EIM today. SPP Markets+ will create new obligations for BPA's customers with load registered to the market, and many including Tacoma Power will struggle unless BPA takes further action in the Provider of Choice to enhance its power products.


Other BPA power customers have highlighted issues that they will confront with SPP Markets+ if further changes to the Provider of Choice framework are not accomplished. We believe these concerns have merit, including for BPA to establish some means to economically offer resources into the market for customers that today do not have significant non-federal resources. This may determine the ability for many BPA customers to meet the day-ahead and real-time must offer requirements of market participants in Markets+. However, the most important consideration for Tacoma Power is our ability to meet the forward showing requirements of Western Resource Adequacy Program (WRAP), which is a prerequisite to Markets+ participation.

Satisfying the forward showing requirements of WRAP entails demonstrating that Tacoma Power has sufficient resource capacity to meet our winter and summer peak loads together with a significant planning reserve margin. At this juncture of the Provider of Choice process, the product that best enables Tacoma Power to meet our resource adequacy requirements is the Slice/Block product. While it may be possible to enhance other product options to achieve resource adequacy requirements, our clear preference would be to purchase the Slice/Block product. Accordingly, we are very concerned by BPA's proposal in the Provider of Choice process to establish a Minimum Threshold of 15% participation on the availability of the Slice product.¹ Achieving this threshold may prove difficult unless BPA addresses the ability of Slice customers to participate economically in Markets+.

In summary, it is critical that BPA takes further action in the Provider of Choice process to enable BPA customers that do not currently have significant non-federal resources to satisfy WRAP requirements and participate in Markets+. Failing to do so could effectively block most BPA customers and Tacoma Power from participating in these important regional initiatives.

Thank you for your consideration of these comments.

Sincerely,

DocuSigned by:

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01/10/2024

Ray Johnson
Deputy General Manager, Power Management
Tacoma Power

¹ See Provider of Choice Planned Product Workshop, November 14, 202, page 44. <https://www.bpa.gov/-/media/Aep/power/provider-of-choice/20231114-provider-of-choice-product-workshop.pdf>

