

Submitted via Tech Forum on June 24, 2024

RE: BPA Day-Ahead Market Participation Workshop #7

The Public Power Council (PPC) appreciates BPA's continued commitment to transparency during its day-ahead market workshop series. In light of the discussion at BPA's most recent workshop, as well as continued regional developments related to organized market development and participation, PPC would like to share our perspectives in several areas for BPA's consideration.

PPC Continues to Support Markets+

Consistent with BPA's staff leaning shared in its April 4, 2024 policy document, PPC reaffirms its support for Markets+ as the preferred day-ahead market option based on current information and analysis. The Markets+ governance structure relies on independent decision-makers, provides unique opportunities for participants and stakeholders to directly determine the direction of policy development, and provides for equal consideration and protections for all Markets+ participants. As described in more detail in PPC's previous comments, this governance structure and collaborative approach to developing the Markets+ proposal resulted in a market design and tariff that can best meet the needs of prospective Markets+ participants and stakeholders and is consistent with PPC's objectives related to market participation. This design facilitates BPA's market participation consistent with its historic mission and statutory obligations to provide adequate, efficient, economical and reliable power supply to Northwest ratepayers and provides potential benefits as a result of increased regional coordination and greater resource optimization.

PPC will continue to evaluate information as it becomes available to further inform our position between now and BPA's market participation decision later this year. The upcoming analysis that BPA plans to release will help better inform how anticipated market footprints may impact this evaluation, as well as any potential changes to market design and market governance. BPA's decision should center around the benefits, risks, and long-term strategic impacts on its customers. PPC requests that BPA's sensitivity study results be released as soon as possible and well in advance of the August workshop to allow more time for the agency and customers to discuss how these results and other factors will inform BPA's decision. Market governance, market design, footprint, connectivity, and economics are all key components in BPA's decision. At this time, PPC continues to support BPA staff's recommendation to pursue participation in Markets+.

We appreciate BPA's leadership in developing Markets+. As noted above, the independent governance of Markets+ is a key feature, and we would look to BPA to continue their leadership

in the capacity of implementing the governance as designed. PPC would like to work with BPA to help support the Southwest Power Pool (SPP) and other stakeholders in standing up the Markets+ governance, including the Markets+ Independent Panel.

West-Wide Governance Pathways Initiative

PPC appreciated the robust discussion on the West-Wide Governance Pathways Initiative (“Pathways”) at the last workshop. Governance continues to be a crucial component in evaluating the opportunities and risks associated with each day-ahead market option (and the potential for each option to eventually offer more expanded services in the future). PPC continues to track the Pathways effort and file comments in response to that initiative. PPC reaffirms that California legislative change is vital to ensure that all market participants have equal legal protections and will be required to achieve independent and equitable governance. We explain this and also capture outstanding questions about the Launch Committee’s proposal in [PPC’s comments on the Launch Committee’s Phase 1 Straw Proposal](#).

The timeline of BPA’s decision in relation to the Pathways Step 2 timeline was discussed in detail during the agency’s most recent workshop. As PPC explained in our comments on the Pathways proposal:

While the Launch Committee has done the groundwork for exploring Phase 2, at this time PPC finds it challenging to consider these potential changes as part of evaluating market options given that legislative change would not be pursued until 2025. There is a significant amount of uncertainty in the specifics around the Step 2 proposal. Without better understanding the other stakeholder perspectives it is difficult to discern the likelihood of consensus on specific Step 2 design and challenging to know whether that design would meet PPC members’ expectations for regional market governance. The potential political risk in California is also notable and creates significant uncertainty for entities outside of California.

PPC continues to support BPA determining its planned market participation while there are two viable options available. The agency must consider how any changes to its decision timeline impact the viability of the Markets+ option. This may not provide enough time for the Pathways process to provide a sufficient level of certainty around potential future governance changes to influence BPA’s decision.

To date, PPC has engaged in Pathways as a stakeholder, listening to reports on the Launch Committee’s progress at public stakeholder meetings and providing written feedback into the public process. As the Pathways process moves into its next phase, PPC has been provided the opportunity to participate more actively to help inform the stakeholder engagement structure for the future Regional Organization which would be responsible for administering the EDAM and WEIM under the Pathways Step 2 proposal. PPC anticipates it will continue to engage in the stakeholder processes related to the EDAM and EIM markets – this could be representing

members who participate in the market directly, members who have loads located in EDAM/WEIM Balancing Authority Areas, or as loads/participants located in a neighboring market. In any of these scenarios an improved stakeholder process in the EDAM/EIM markets is beneficial to PPC members. We wanted to provide this context for our increased participation in the Pathways discussion to ensure it is not construed as an endorsement in the Pathways proposal, a change for our support of the Markets+ day-ahead market option, or a recommendation related to how BPA engages in the Pathways process.

Conclusion

PPC values BPA's continued commitment to open dialogue, education and debate during its decision process. The scenarios developed and discussed by agency staff during the workshops are helpful to inform the impact that future markets could have on PPC's members, and we look forward to continued discussions on such scenarios throughout the summer. PPC expects that BPA will make its market participation decision based on a robust analysis of the two day-ahead market options that have been designed for the West and we support the agency making that decision on a timeline that allows it to choose between two viable market options. As part of this robust analysis, we interested in hearing more from BPA on its updated economic analysis, including how that analysis will feed into the agency's final market participation decision and how that analysis weighs with other factors such as market design and market governance.

We appreciate the opportunity to provide comments and continue to support BPA in its leadership on market development in the West.