

## **COMMENTS OF THE WESTERN PUBLIC AGENCIES GROUP REGARDING BPA'S DAY-AHEAD MARKET EVALUATION PROCESS**

March 1, 2024

The utilities that comprise the Western Public Agencies Group (WPAG) appreciate the opportunity to submit these comments in follow-up to the Bonneville Power Administration's (BPA) February 1st Day-Ahead Market (DAM) Evaluation Public Workshop.

WPAG commends BPA for providing additional clarity on the timing of its DAM evaluation process, and for issuing a public comment tracker to manage the outstanding stakeholder questions in this process. The public comment tracker clearly highlights WPAG's main concern in this process, which is the number of outstanding questions and analysis that remain or that have not been fully addressed, including threshold issues such as BPA's legal authority to participate in a day-ahead market, how 5b rights will be protected in a number of different scenarios in a DAM and key elements of BPA's quantitative business case including a cost benefit analysis of both market options including implementation costs.

At the February 1<sup>st</sup> workshop, BPA indicated that it plans to release its draft policy record of decision by late August 2024, which will include a full business case and legal analysis regarding DAM participation. This process clarification is helpful but given that BPA proposes to hold just two workshops in advance of the August draft policy ROD, it is hard to envision how BPA will be able to substantively engage with customers on these topics before the draft ROD is released. For example, BPA confirmed at the February 1 workshop that it plans to engage E3 or another consulting firm to expand the initial WMEG study to look at additional scenarios, including one where BPA remains outside of a day-ahead market, but a subset of others in the region join either Markets+ or EDAM. WPAG was very encouraged to hear this and appreciates Bonneville's responsive to this request, but we are concerned that there will not be adequate opportunity for stakeholders to provide feedback on the scope of analysis or draft results before seeing these presented in a final business case. WPAG requests that BPA consider holding two-day workshops leading up to the August draft policy ROD to ensure there are adequate opportunities for stakeholder engagement on outstanding issues.

As part of its process update at the February 1 workshop, BPA also indicated that it continues to plan to release a draft policy leaning, and has extended the timeline for this from the Feb/March time period to early April, 2024. BPA explained that, despite the SPP Markets+ Phase 2 funding schedule being extended and no longer a direct factor in the rationale behind issuing a policy leaning, BPA nonetheless believes there is value in the agency providing a preliminary indication of whether it believes it should join a DAM and which market it is leaning toward. WPAG believes the best use for an initial policy document is to continue to develop and convey to stakeholders the critical analysis that is required to support BPA's decision to join a DAM, rather than focusing on developing any early conclusions or leanings on a decision. A policy letter should explain the principles and decision-making criteria developed for BPA's DAM decision process as well as to: 1) describe and discuss the existing analysis completed by BPA with respect to its participation in a day-ahead market; 2) share and describe any additional analysis completed

by BPA, that has not yet been shared with stakeholders; and 3) summarize stakeholder feedback received to-date and requests for additional analysis.

In order to support a future decision by BPA to join a day-ahead market, WPAG must ultimately be certain that there is a clear value proposition to BPA customers, including impacts to different customer types. WPAG must also understand how BPA customers' rights to preference power are maintained in a DAM and the legal authority under which BPA could operate in a DAM. WPAG must also understand how the different product types in Provider of Choice will function in DAM. Lastly, independent governance remains a foundational concern for WPAG members and we need to better understand how BPA is considering this issue. At this time, BPA has not definitively answered any of these questions. Until these questions are answered, WPAG cannot offer support for BPA's decision to join a DAM, or its selection of any particular market.

WPAG encourages BPA to prioritize the following topics for exploration in workshops this Spring:

- Legal analysis and 5b rights scenarios
- Provider of Choice product compatibility
- Business Case development
  - Additional WMEG scenario analysis
  - Cost benefit analysis

With respect to compatibility of Provider of Choice products and day-ahead markets, WPAG believes there is a substantial gap in understanding how products will function in a DAM, who decides how products may participate (BPA or its customers) and whether current implementation concepts (such as slice not being afforded the opportunity to economically participate in DAM) are workable for customers. WPAG encourages BPA to consider holding a workshop facilitated by both Provider of Choice and DAM staff between now and the May DAM workshop to delve into additional details on how the different Provider of Choice products will function in a DAM and responding to questions customers have raised in both the Provider of Choice and the DAM processes.

Thank you for the opportunity to provide feedback and we look forward to continuing to engage in this important process.