

August 15, 2023

Northwest Requirements Utilities (NRU) submits these comments in response to Bonneville Power Administration's (BPA) July 14 workshop starting its evaluation process regarding Day-Ahead Market participation. NRU represents the interests of 57 Load-Following preference customers located in 7 states across the region that hold Network Transmission contracts with BPA. NRU's members contract with BPA for almost 30% of BPA's Tier 1 load.

NRU appreciates BPA's work to evaluate through public workshops its ability to, and benefits of, participating in a Day-Ahead market. These comments outline our initial views on the BPA process and key questions we believe should be addressed throughout the process.

1. The public process may need more time to ensure thorough evaluation of key issues.

NRU supports most of the goals BPA identified at its July workshop, including: (1) provide regional education regarding Day-Ahead markets and BPA's potential participation, (2) provide ample opportunity for public input into BPA's evaluation; and (3) Right-size engagement intensity. NRU would challenge, however, the goal to: "complete the engagement within a timeline that ensures BPA continues to be at the forefront of Day-Ahead Market development." While NRU recognizes the benefits of ensuring BPA is engaging in the development of Day-Ahead Markets and, therefore, remaining competitive in the marketplace for the benefit of preference customers, we believe it is more important to provide ample time for education, discussion, and analysis than to rush or hurry the public process. We offer that leaving opportunity for adjusting the timeline of the public process or deferring some questions to other, supplemental processes if adequate information is unavailable should be considered.

2. We recommend BPA keep this public process focused on whether BPA will intend to pursue joining a Day-Ahead Market and defer identifying which Day-Ahead Market it intends to join to a latter process and decision.

The slides from the July workshop indicated that, if BPA intends to pursue Day-Ahead Market participation, it will include in this process an indication of which market it intends to pursue joining. NRU believes the evaluation of the market designs and options should be deferred to a latter process, rather than shoehorning that decision into a relatively quick timeline. This will help ensure that BPA's decision as to which market to join, if any, remains purely objective and independent from whether to join a market in the first instance. When BPA is approaching the latter decision, NRU recommends that the agency consider the NW Public Power Organized Market Design Principles developed by NRU, WPAG, PGP, and PNGC, as included in the attachment.

3. NRU's framework for evaluating BPA's choice is understanding how a Day-Ahead Market would retain current value and benefits, and what additional, new value and benefits would result from Day-Ahead Market participation.

BPA identified many important issues for analysis in its July workshop. From NRU's perspective, the key threshold questions for participating in a Day-Ahead Market, that by its very nature de-links the relationship between load and generation, is whether market participation will allow BPA to meet its statutory obligation to ensure that its public body and cooperative customers continue to receive preference and priority in the sale of federally generated power from the federal system at all times, and, conversely, how BPA will ensure that the market does not serve other loads ahead of preference load. Relatedly, BPA must address how its participation in a Day-Ahead Market would also ensure that the federal power used to serve preference load will continue to be sold at power rates based on the cost of the federal system. These questions must be assessed for both directly connected customers and customers utilizing Transfer Service. NRU appreciates that BPA will address these statutory issues early in the process. Another key issue, especially for NRU members in states with environmental goals and compliance obligations, is how BPA will ensure retention of the environmental attributes of the federal system for preference customers under a Day-Ahead Market paradigm.

4. It is essential that BPA base its decision on a thorough business case analysis.

It was unclear in the July workshop how specific the analysis BPA intends to rely on evaluating the business case will be and whether it will provide sufficient useful information to quantify the benefits of BPA participating in a Day-Ahead Market. When BPA was evaluating participation in the Western Energy Imbalance Market, the agency relied on thorough and specific analyses. It appeared from discussion at the workshop that the evaluation of the Day-Ahead Market business case may not be as rigorous. NRU requests that the analysis be similar to, and as rigorous as, the agency's decision to join the Energy Imbalance Market, and that the analysis specifically consider and quantify the financial impacts on BPA's Load Following customers.

5. The process should identify other public policies that will need adjustment should BPA participate in a Day-Ahead Market.

Other processes, such as the Provider of Choice policy process, may be impacted by BPA's direction on Day-Ahead Market participation. NRU recommends that BPA particularly identify those areas and bring those forth for discussion in this process.

Thank you for considering this feedback and recommendations. We appreciate your work on this issue and look forward to engaging in your public process.

Sincerely,

Tashiana Wangler

Att: NW Public Power Organized Market Design Principles