

February 20, 2024

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RE: PSE comments on Bonneville’s Day-Ahead Market Participation Process and its February 1 Workshop

Puget Sound Energy (PSE) appreciates the opportunity to comment on the work Bonneville has done to date and its day-ahead market participation evaluation process. PSE supports an expedient day-ahead market participation process at Bonneville. There are a significant number of initiatives underway right now in the west that are all contemplating regional change. The region has two developed day-ahead market options before it today. PSE’s evaluation will take into consideration Bonneville’s market participation and therefore supports the agency’s decisional timeframe. A day-ahead market provides a cost-wise tool for PSE to access load and supply diversity to meet the transformational objectives of the Clean Energy Transformation Act (CETA) and the Climate Commitment Act. Under CETA, PSE must divest of its share of the Colstrip coal generating station by December 31, 2025, adding a 370 megawatt need in PSE’s generation portfolio. Given this and other factors contributing to growing energy and capacity needs, timely market decisions are critical for PSE.

Given these factors, PSE supports the cadence and proposed direction of workshops Bonneville has proposed. This timeline will enable the ability for stakeholders to provide feedback as information and study results become available. PSE looks forward to working through market scenarios over the May and June 2024 meetings.

PSE believes Bonneville’s day-ahead evaluation principles appropriately capture the categories of considerations Bonneville must weigh in its decision-making process. Some commenters have asked Bonneville to give a weight to these principles, arranging them by importance. PSE believes this may be an impossible task, providing little value, for Bonneville with its competing statutory requirements. Additionally, these principles are not vertically distinct. For example, governance – in addition to being a stand-alone principle - is a principle that will impact the ability of Bonneville to meet all the other principles it has laid out. Nevertheless, PSE suggests some form of quantitative scoring of elements that do not have quantitative results in an economic study may be useful in demonstrating the agency’s evaluation of options.

With respect to governance, PSE believes Bonneville should consider and evaluate governance in the direct sense - and equally important - in the indirect sense, referring to how the formal governance plays out in the market and who drives bringing forth and resolving issues. PSE suggests a few additions to Bonneville’s governance principle to capture this:

Governance - The market has durable, effective, and independent governance structure which provides fair representation to all market participants and

stakeholders and in which participants take a regional view. Stakeholders initiate, develop, and own outcomes. Decision-making and stakeholder engagement occurs in a transparent and inclusive manner.

Resource adequacy is a very present concern in the west. Bonneville plays an important role in the region, providing flexible resource capacity as well as the transmission backbone needed to serve the region's needs. Beyond ensuring reliability, PSE believes the distribution of risk, costs, and responsibilities is an important component in evaluating a market's effectiveness in meeting resource adequacy needs. To this end, PSE suggests the following edit to Bonneville's resource adequacy principle:

Resource Adequacy - Market design includes resource sufficiency and/or resource adequacy frameworks that ~~ensure reliability~~ lead to reliable provision of services and a balanced distribution of reliability risks, resource adequacy costs and responsibilities.

CONCLUSION

In summary, PSE encourages Bonneville to move efficiently toward a day-ahead market decision. PSE supports Bonneville's proposed timeline in its February 1 workshop and its proposed evaluation criteria with a few suggestions to enhance the scope of consideration within the governance and resource adequacy principles. PSE looks forward to a continued thoughtful market evaluation process by Bonneville throughout 2024.

Sincerely,

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