



PacifiCorp appreciates the opportunity to comment on BPA’s Day-Ahead Market (DAM) policy direction. As stated in workshop 4 on November 29, 2023, workshop 5 will “primarily focus on responding to public comments.” PacifiCorp appreciates BPA’s stated intent to respond to comments because we believe this will spur beneficial dialogue between BPA and stakeholders. As such, PacifiCorp has listed comments below, by evaluation principle, that PacifiCorp believes have not been thoroughly discussed by BPA or stakeholders in past workshops. PacifiCorp kindly requests that BPA respond to the below comments in Workshop 5 on February 1, 2024.

Business

In previous workshops, BPA has taken steps to articulate its DAM business case. BPA has given stakeholders primarily qualitative considerations BPA will be using in their business case, but it is unclear what quantitative considerations BPA intends to use. PacifiCorp believes that the quantitative considerations are necessary for stakeholders to understand as they will likely be impacting customer rates in the future. As such, PacifiCorp has the following comments and questions on BPA’s business case.

- Will BPA use the WMEG study as a quantitative consideration in its eventual business case?
- What are the total anticipated costs to BPA to continue to fund Markets+ through go-live and is this cost a quantitative consideration in BPA’s business case?

Customers

Being a BPA transmission customer and a buyer of BPA’s surplus energy, PacifiCorp has concerns that rates will increase due to the potentially large costs BPA will incur to join a DAM. While PacifiCorp understands that BPA may not know the exact costs at this time, it would still be helpful to hear BPA’s considerations on how rates may change. To this end, PacifiCorp has the following questions.

- How will costs to join and implement a DAM impact transmission and power customers and how does BPA intend to recover these costs between the two customer groups?
- What were the costs to join and implement the WEIM and how were these costs allocated to transmission and power customers?

Reliability/Customers

The WMEG study shows a significant change in transmission usage, specifically on the BPA to NVE North pathway and NW to CAISO via NWACI pathway, when there is a split market footprint. The



BPA to NVE North pathway is congested significantly more often and the North to South NWACI pathway looks to be less utilized. While these were just two examples highlighted in the WMEG study, PacifiCorp requests BPA to respond to the question below.

- Does BPA expect there to be impacts to reliability and customer rates due to changing transmission usage under a split market footprint?

Governance

PacifiCorp believes the West-Wide Governance Pathway Initiative (WWGPI) is making progress on finding a pathway to independent governance. A wide coalition of entities in the West are participating and the group has momentum going into 2024. PacifiCorp requests BPA respond to the below questions.

- What is BPA's reasoning for deciding to not participate in the WWGPI as a Launch Committee member?
- What impact does the progress of the WWGPI have on BPA's current decision-making timeline?
- Is BPA planning to submit comments on the proposed Pathway Option Whitepaper by the January 12th deadline?

Regarding the discussion in Workshop 4 in which BPA compared the EDAM and Markets+ designs, PacifiCorp believes BPA's characterization of both market options was not neutral. In some cases, there were errors or deficiencies in the slides that made the EDAM seem inferior to Markets+. As such, PacifiCorp requests that BPA update their slides from Workshop 4 to resolve any errors and provide a more neutral comparison of the EDAM and Markets+ so that stakeholders can objectively evaluate the merits of both day-ahead market options. PacifiCorp lists slides below where we think there are inaccuracies or mischaracterizations.

- Slide 39: The language used in this slide suggests the EDAM Resource Sufficiency Evaluation (RSE) is deficient compared to the SPP Markets+ must offer requirement. The SPP M+ column states that the must offer requirement discourages leaning, but BPA does not use similar language in the CAISO EDAM column. In PacifiCorp's view, the EDAM Resource Sufficiency Evaluation was also designed to discourage leaning. Similarly, the EDAM column in the table should also state something about the EDAM RSE to match the language in the Markets+ column where BPA states that Markets+ "...ensures LREs bring sufficient resources to meet load." While the resource sufficiency mechanisms in the EDAM and Markets+ designs are different, they are designed to meet a similar objective.
- Slide 40: The last bullet in the CAISO EDAM column implies that the CAISO can unilaterally change the procurement of imbalance reserves. This is not the case. The imbalance reserve

product (IRP) is procured subject to a demand curve with parameters that have been developed in a stakeholder process. There are tunable parameters that will affect how IRP will be procured, but these too will be tuned in a stakeholder process. PacifiCorp requests BPA change the language of the last bullet to state that IRP procurement is based on a demand curve with parameters that are tunable through the CAISO stakeholder process.

- Slide 41: The second bullet in the CAISO EDAM column states, “Market power is assumed...” This is misleading and leads the reader to assume their resource bids are always subject to mitigation. This is not the case for either local market power mitigation (MPM) or BAA-level MPM in the EDAM or WEIM. PacifiCorp suggests describing the dynamic competitive path assessment (DCPA) used by the CAISO to contrast the Conduct and Impact Test used by SPP.

BPA’s DAM decision will have significant impacts for many entities across the West. As such, BPA’s public engagement for establishing a policy direction has become an important forum for stakeholders to discuss the implications of BPA joining a day-ahead market. There are still many unanswered questions on how BPA is evaluating the different market options and so PacifiCorp looks forward to hearing more answers from BPA at the next workshop. Furthermore, given BPA’s importance in the region as a power and transmission provider for customers in the West, many entities are using BPA’s DAM decision making process for their own considerations on whether to join a DAM. As such, it is critical that BPA provides a neutral comparison of EDAM and Markets+. PacifiCorp appreciates the opportunity to comment on BPA’s policy direction for DAM participation and thanks BPA staff for being receptive to PacifiCorp’s questions and comments.