

PacifiCorp's Comments on Bonneville Power Administration DAM Workshop from November 4, 2024

PacifiCorp appreciates the opportunity to comment on BPA's day ahead market workshop from November 4. During the meeting, BPA clarified a few questions PacifiCorp had related to transmission rates. Specifically, BPA stated the following:

- The \$25m in Markets+ Phase Two costs would not be passed on to transmission customers.
- Implementation costs for Markets+ should only be passed on to power customers since joining a day-ahead market benefits buyers and sellers of power.

PacifiCorp agrees with BPA that BPA's transmission customers should not be financially harmed by BPA's decision to fund Markets+ Phase 2 as it may not provide many BPA transmission customers any benefit. It also seems reasonable to PacifiCorp then that any costs associated with BPA's implementation of a day-ahead market should also not be passed on to transmission customers, since the benefits will accrue to customers that purchase power from BPA. However, in the BP-26 Integrated Program Review public meeting on Transmission Services on June 28, 2024, BPA indicated that Transmission Services will be supporting market evolution. PacifiCorp is concerned that costs associated with supporting market evolution will in fact affect transmission customers' rates. PacifiCorp asks that BPA, either in the day-ahead market workshops or BP-26 rate case, explain to transmission customers how they can ensure Markets+ Phase 2 costs and implementation costs of a future day-ahead market do not impact transmission rates.

In the November 4 workshop, BPA seemed to be making the case that independent governance and preferences in market design are worth anywhere from \$65-\$221 million per year. Furthermore, BPA's answers to various questions about the cost benefit study and Pathways initiative indicate that this price tag is acceptable due to the risks of EDAM and WEIM not having independent governance that is sufficient for BPA. PacifiCorp's understanding of the Pathways Step 2 proposal is that it lays the foundation for independent governance of the EDAM and WEIM, and that the governance is almost certain to evolve incrementally over time. It seems entirely possible that the governance of the EDAM and WEIM will meet BPA's criteria for independent governance before BPA is ready to go-live in a day-ahead market in 2028. PacifiCorp acknowledges BPA's desire to fund Markets+ Phase 2 in order to have two viable day-ahead markets to choose from, but it is then inconsistent for BPA to not fund and fully participate in the Pathways initiative if the company does not currently consider EDAM a viable option due to the governance issue.