



Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621



In reply refer to: MTM-3

May 9, 2025

To Customers and Interested Parties:

The Bonneville Power Administration has decided to pursue participation in the Southwest Power Pool's **Markets+** day-ahead market. Day-ahead market participation, specifically in **Markets+**, is in the best interest of our customers and the region, as it offers an opportunity to ensure a reliable, abundant and affordable energy supply for consumers in the Northwest.

The release of this policy is a significant milestone in Bonneville's day-ahead market process. It concludes the policy-development phase of this effort and enables us to move forward with market implementation, consistent with our statutory, regulatory, and contractual obligations. It also provides clarity to the region and other entities as they make their own day-ahead market decisions.

Bonneville reached this policy direction after nearly two years of extensive analysis, thorough consideration of market dynamics, and thoughtful attention to the principles that guided our assessment. This careful, deliberate approach demonstrated our commitment to responsible decision-making, transparency and public engagement. We greatly appreciate the input and involvement of our customers and other interested parties. The open dialogue and healthy debate contributed to a policy that best aligns with Bonneville's strategic goals, our day-ahead market evaluation principles, and the Trump Administration's energy directives.

I appreciate the participation of our customers and stakeholders through our process. Following the release of our draft policy in March, Bonneville received more than 150 unique comments and more than 1,000 form letters covering a range of themes and perspectives. We have carefully considered and responded to these comments in our final policy.

Many comments focused on the projected benefits of **Markets+** compared to the California Independent System Operator's **Extended Day-Ahead Market (CAISO EDAM)**. Bonneville's policy describes our analysis of these projections and explains why **Markets+** is our best option for maintaining competitive power and transmission rates over the long term. Our policy also outlines other benefits of **Markets+**, including its independent governance structure that is designed to ensure the fair allocation of benefits; uniform resource adequacy requirements; and a congestion revenue mechanism that promotes transmission investments.

Further, despite misconceptions about where Northwest hydropower would be distributed in a market operated by the Southwest Power Pool, **Markets+** provides the greatest assurance that Northwest customers will remain the primary beneficiary of generation produced by the Federal Columbia River Power System.

Our policy also addresses comments about market seams. It clarifies that seams will continue to exist, regardless of which day-ahead market Bonneville joins. Given the market decisions of other utilities, it appears inevitable that two day-ahead markets will operate in the West. While seams present complexities, Bonneville and other utilities have successfully managed seams in the Western Interconnection for decades. Based on this experience and as part of our day-ahead market implementation plan, Bonneville will reach out to and collaborate with entities to mitigate seams. Additionally, because Bonneville serves firm power preference customer loads in the footprints of both Markets+ and EDAM, we will remain active in the development processes and implementation of both markets.

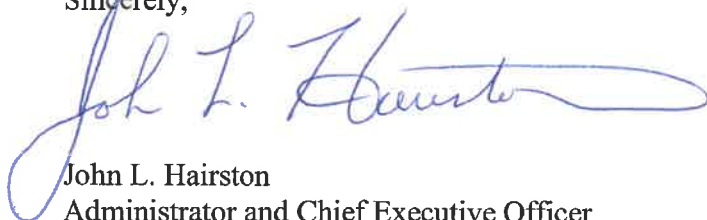
Another topic raised in comments was the timing of Bonneville's policy. Some parties argued Bonneville should wait for efforts in California to conclude and resolve the governance concerns of CAISO's EDAM. While Bonneville acknowledges California's efforts to modify market governance, ultimately, those potential solutions do not go far enough to alleviate Bonneville's concerns. Therefore, it is prudent to move forward with the next phase of our process. The release of this policy brings us one step closer to capturing the benefits of a day-ahead market.

Reaching this policy direction is momentous for Bonneville and reflective of the dedication and expertise of countless Bonneville staff who contributed to this robust and transparent public process. Yet, it's important to note that subsequent phases remain prior to Bonneville's participation in Markets+, including rate and tariff proceedings to determine cost allocations and the terms and conditions for transmission service. An external engagement plan as part of day-ahead market implementation will be forthcoming.

I want to thank our customers and the many stakeholders who engaged in the development of this policy, and I look forward to your continued engagement as we transition to the next phases of Bonneville's day-ahead market process. We value the input and expertise of all involved.

You can find the final policy on our Day-Ahead Market page, www.bpa.gov/learn-and-participate/projects/day-ahead-market.

Sincerely,

A handwritten signature in blue ink, reading "John L. Hairston". The signature is fluid and cursive, with a long horizontal stroke at the end.

John L. Hairston
Administrator and Chief Executive Officer