PUBLIC POWER COUNCIL
Bringing public power together

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October 2, 2025

Travis Kavulla, Administrator
Bonneville Power Administration

RE: BPA DAM Public Process & Workshop on PPC Day-Ahead Market Analysis

Administrator Kavulla,

On September 22, the Public Power Council (PPC)[1] took part in a workshop organized and run by BPA to discuss a recent analysis that PPC performed related to BPA's day-ahead market decision. While the timing and structure of the BPA workshop was uncharacteristic of previous public workshops held by the agency, we are glad that PPC was given the opportunity to speak to our analysis publicly and as part of the record for BPA's eventual decision on day-ahead market participation. We look forward to discussing the next steps with BPA following the workshop. In the meantime, there are several key considerations that we would like to add to the record.

The key finding of PPC's *BPA Day-Ahead Market Choice* analysis is that there are opportunity costs inherent in BPA's market decision. These costs arise from market design differences that will impact the benefits BPA receives from market participation. A market that includes market pricing and design features appropriately valuing the agency's hydro resources, which have been and continue to be funded largely by PPC members, is a better choice for BPA and its customers.

While there is room for reasonable people to disagree on the scale of their impact, differences in costs and benefits to BPA from market design do exist and they are an outcome of design processes and governance structures. PPC's quantitative analysis attempts to put a dollar value on the potential impact of *not* including specific design features in a future market. Markets+ contains both broadly adopted price formation features and innovative greenhouse gas accounting policies that more accurately value what BPA's hydro resources bring to the market.

PPC's economic findings must be put in context of our broader analysis examining the larger industry landscape, which includes our evaluation that staying out of a market entirely is not a

[1] PPC is the umbrella trade association representing the interest of the Northwest's non-profit, public power utilities that have preference rights to the output of the federal system. PPC's members rely on BPA for wholesale power and transmission services to provide economic, reliable, and environmentally responsible power supply for the communities and businesses they serve at cost.
PPC's members fully subscribe the firm output of the Federal Columbia River Power System (FCRPS) and a large portion of the capability of BPA's transmission system. Additionally, we anticipate that public power will again fully subscribe the output of the FCRPS under new long-term contracts for the post-2028 period. For these reasons, PPC members have substantial interest and financial stake in the BPA's participation in organized markets.

possible or preferred solution in the long term. **We want to ensure that the findings of the study are not misconstrued to argue that inaction is BPA's best path forward.**

The West has run this experiment before. As the Western Energy Imbalance Market (WEIM) footprint expanded over the past decade, bilateral real-time liquidity decreased and uncommitted entities joined the WEIM due to a lack of real-time bilateral trading opportunities. We are concerned that indecision is an implicit choice to join the Extended Day-Ahead Market (EDAM), either willingly or reluctantly in the future. PPC sees avoiding this outcome as a major strategic benefit resulting from joining Markets+ now.

As is described in much greater detail in our analysis, not continuing to advance efforts with Markets+ at this time creates a significant risk that Markets+ will not be available as a viable market option for BPA in the future. The types of changes identified in your letter to the Regional Organization for Western Energy (ROWE) are unlikely to occur without competition from another Western market, not because individual members of the ROWE do not support potential change but because of continued pushback from other stakeholders in the EDAM and existing California market. This is another area where we understand ourselves to be aligned with your evaluation of the matter.

While there is room to continue to debate specific assumptions underlying PPC's analysis, our areas of concern appear to be mostly aligned based on your letter to the ROWE. **PPC supports BPA continuing to actively pursue the direction laid out in BPA's Existing Day-Ahead Markets Policy and Day-Ahead Market Record of Decision as previously planned, until the time that a Record of Decision replacing that current finding is filed.** This approach will help ensure that Markets+ remains a viable option for BPA as you make your decision.

We can appreciate that you have laid out three criteria for evaluating BPA's previous decision and are pursuing an effort to "change the facts" of the decision currently in place through your letter to the ROWE. While these criteria provide some framework as to how you will be approaching making your decision on BPA's day-ahead market participation, we request additional information on the process for evaluating and documenting that decision. This information could help set customer expectations and set the table for further collaborative discussion. Our questions include:

- Will a new Record of Decision be issued? If so, when is it expected?
- Will BPA provide an updated legal analysis including an assessment of whether the day-ahead market options are consistent with its statutory and contractual obligations?
- Will there be any public workshops held in advance of developing a new record?
- How will the Administrator determine whether the "facts" of BPA's decision have been sufficiently changed?
- BPA has previously issued a series of principles to guide its day-ahead market decision, are those principles still relevant?
- Will BPA share updated perspectives on the economic analysis prepared to inform the agency's decision or conduct additional analysis, including analysis of the impact of specific design issues identified as concerns?

- How will BPA's commitment to WRAP be considered in the context of the requests made to the ROWE? How will the value of resource adequacy requirements in a market context be considered in the economic valuation of market alternatives?

As part of a level-set for the discussion to date, we ask BPA to review the evaluation that led to the March 2025 Record of Decision, including BPA's analysis of the ROWE, and share that review publicly. This will be helpful context for future discussion on which facts have changed, or are expected to change, since BPA set its policy decision.

Conclusion

PPC understands your desire to take a fresh look at BPA's market participation decision. Likewise, we hope that you can appreciate that PPC and its members have long advocated for changes similar to those identified in your letter to the ROWE. Failure to achieve those changes – even recently – makes us concerned about BPA's potential participation (either voluntarily or due to lack of other options) in a market that does not provide the agency's customers with firm commitments and high confidence in economic, reliability, or governance outcomes. Any pivot away from a market selection that was nearly unanimously supported by BPA's preference customers deserves an explanation justified with a thorough public review of the economic, legal, and strategic considerations causing the agency to reverse course.

For this regional power policy matter, we ask that you specifically consult BPA's preference customers and secure our advice in a meaningful fashion before taking action, particularly if that action deviates from the path to joining Markets+ that has already been laid out by BPA based on its previous public processes.

We look forward to working together in this critical period leading up to a decision.

Sincerely,



Scott Simms
CEO & Executive Director
Public Power Council

Cc: Chris Robinson, PPC Chairman and General Manager of Tacoma Power
John Dietz, PPC Vice Chair of the Market Development Committee and General Manager of McMinnville Water & Light