PUBLIC POWER COUNCIL

October 30, 2026

BPA's Day-Ahead Market Decision

About the Public Power Council

Preserving and enhancing the benefits of the Federal Columbia River Power System for consumer-owned utilities.

WHO WE REPRESENT

81

Northwest public power utilities across seven states.

PPC is the leading trade association representing the largest aggregate of BPA preference customers.

WHAT WE SUBSCRIBE TO

Federal hydro

Members nearly fully subscribe the federal hydro system's firm output through long-term contracts.

They purchase about **90%** of the power BPA markets to preference customers.

WHAT WE BEAR

Direct costs

PPC members will bear the **direct costs** of BPA's market participation decision.

An experienced voice on market design

PPC has participated in the development of both Markets+ and EDAM from inception, advocating for designs BPA could support.

CONTEXT

Where We've Been

2023–2025

Public process

Nearly two years of stakeholder process informed BPA's Day-Ahead Market Policy Record of Decision.

May 2025

Policy ROD

BPA **adopts a policy to pursue Markets+** participation.

March 2026

Draft final decision

BPA issues a **draft final decision to join Markets+.**

Aug–Sept 2026

Decision Reopened

PPC publishes its market paper. Days later, the Administrator's letter to ROWE reopens the decision.

Sept 22, 2026

BPA workshop

BPA convenes the first public workshop in over 6 months. Focusing on the PPC paper, with E3 and Brattle responding.

Oct 30, 2026

Today

Administrator's panel continues discussion on PCM and resource adequacy.

BPA recommended Markets+ participation twice before the decision was reopened

The 2025 Policy ROD and the March 2026 draft final decision rest on the same two-year public process.

BPA's own ROD identified the shortfalls of PCM

BPA Day-Ahead Market Policy ROD, May 2025:

> "Based on the PCM analysis and the market design elements discussed below, **Markets+ is the best path forward for the agency and its customers…**
>
> Bonneville stresses that **basing a market decision solely on PCM results would be too narrow of a focus** and would carry risk of ignoring important market design elements that greatly impact financial outcomes. PCM studies do not reflect various market design elements such as GHG pricing programs, market power mitigation, out-of-market actions, governance, and market bid caps.
>
> … **[T]here are many examples of design elements that cannot be appropriately modeled in PCM and have the potential to outweigh PCM result differences**, either through improved financial or non-financial outcomes."

BPA named the design elements and said they could outweigh the modeling. **It did not put a value on them.**

BPA rested its decision on market design and governance

Market design

> *"**Markets+ is the best day-ahead market option because of its superior market design**."*
>
> BPA, March 5, 2025 — draft policy announcement

> *"**Bonneville's position on price formation and market power mitigation assessments has not changed from the April staff recommendation. These are cornerstones of organized markets**. Markets+ design elements ensure that resources can efficiently respond to market signals and be appropriately compensated, while avoiding over mitigation and ensuring transparent market pricing.."*
>
> BPA, March 5, 2025

> *Markets+ "has been created from the ground up with design features that limit downside financial exposure."*
>
> BPA, May 9, 2025 — final policy announcement

Governance

> *"**BPA believes the Markets+ independent governance model is superior to EDAM**, as it ensures that **no entity has disproportionate influence over market rules or operations**."*
>
> BPA, March 5, 2025

> *"Markets+ governance provides superior independence even if EDAM governance were to adopt the Pathways Step 2 proposal and California pass SB 540 as introduced" and "**Bonneville sees the legislation confirming California's continued policy influence over market design and outcomes.**"*
>
> BPA draft policy, March 5, 2025 and BPA Draft ROD

> *"**...a governance structure that preserves the benefits of the Federal Columbia River Power System**."*
>
> BPA, May 9, 2025

These are the elements the ROD said production cost modeling cannot capture — **and the ones PPC's paper set out to value.**

Context for the August 31 PPC Paper

1

Comprehensive review

PPC's paper included a comprehensive review of BPA's day ahead market decision and PPC's assessments of the factors that weighed into its preference for Markets+.

2

Broad scope

This included discussion on market governance, market design, strategic considerations among others – including economic analysis on BPA.

3

Valued what the ROD did not

Reviewed the E3 study, came to similar conclusions as BPA's policy ROD, and introduced new analysis on impacts of market design features.

The Results of PPC's Economic Analysis Are Consistent With BPA's Qualitative Findings

Market Design Impact

$91–289M / yr

4-12 % Rate Benefit

Net annual value of Markets+ design for BPA — roughly 4–12% on BPA power rates assuming pro-rata share of congestion rent

LARGER FOOTPRINT

Even at the highest hurdle assumption, market design outweighs modeled production cost difference by $47M

THE QUESTION

Which has a greater impact on BPA customer benefits: the size of the market or the market's design?

THE FINDING

PPC's analysis found that market design differences could result in over $250M per year difference in secondary revenues.

THE BOTTOM LINE

The question is not whether Markets+ guarantees equitable value for BPA's assets, that isn't certain. In a scenario where the status quo disappears **which market gives BPA stronger structural protection to receive equitable compensation for the federal system.**

What Will Drive BPA's Latest Decision?

BPA's day ahead market stakeholder process and policy ROD focused on seven principles:

Statutes – Bonneville meets its statutory, regulatory, and contractual obligations.

Reliability – Bonneville maintains efficient, economical, and reliable delivery of power and transmission service to its customers.

Reliability – Market design includes resource sufficiency and/or resource adequacy frameworks that ensure reliability.

Business – Bonneville's participation is supported by a sound business rationale.

Strategy – Bonneville's participation is consistent with Bonneville's 2024-2028 Strategic Plan.

Governance – The market has a durable, effective, and independent governance structure which provides fair representation to all market participants and stakeholders. Decision-making and stakeholder engagement occur in a transparent and inclusive manner.

Customers – Bonneville's evaluation of day-ahead market participation includes transparent consideration of the commercial and operational impacts on its products and services.

GHG – Bonneville will evaluate how participation will impact GHG emissions attributed to the federal system and its regional firm power customers' ability to comply with applicable state carbon programs. Participation must maintain the value of the low-carbon nature of the federal system to the extent possible.

What Are BPA's Core Principles Now?

BPA's Principles Then

1. Statutes
2. Reliability
3. Business
4. Strategy
5. Governance
6. Customers
7. GHG

Administrator Kavulla's Focus

1. The ability to trust in the durability of rules governing the market.
2. The depth and liquidity of the market.
3. The impacts on reliability and economic efficiencies resulting from new seams between adjoining markets.

BPA "Prerequisites"

1. Independent Board Leadership
2. Workforce and Location
3. Stakeholder Driven Governance
4. Protecting Against Unilateral State Action
5. Platform for Reliable Investment

What We Are Discussing Today

- Production cost modeling
- Resource adequacy

What are the driving principles and are we spending limited time discussing the right issues?

Where Do We Go From Here?

A transparent and inclusive public process is critical for PPC members who will bear the direct costs of this decision.

We continue to have important process questions:

1. What role does BPA's previous analysis and ROD play in the current decision process?
2. What principles will drive the Administrator's decision?
3. What is the outcome of today's discussion and how will it inform the Administrator's decision?
4. What opportunities will stakeholders have to submit comments? And review the comments of others?
5. Panels are informative – but do they encourage a transparent and inclusive public process?

Thank you

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