



via email (techforum@bpa.gov)

U.S. Department of Energy
Bonneville Power Administration
Transmission Services

September 29, 2023

Re: Comments of Renewable Northwest on Bonneville's Public Engagement for Establishing a Policy Direction on Potential Day Ahead Market Participation

Renewable Northwest ("RNW") appreciates the opportunity to engage with the Bonneville Power Administration ("BPA") regarding its potential day-ahead market ("DAM") participation and BPA's willingness to discuss the agency's approach for developing a business case and evaluation principles. RNW applauds BPA for including a discussion of the Western Markets Exploratory Group ("WMEG") study results during the next workshop (the "October Workshop") but urges BPA to provide more than conclusory summaries and WMEG study findings. A robust and transparent discussion of the analysis that BPA is relying upon is necessary to foster meaningful discussions about how BPA's decision will impact stakeholders throughout the region—a topic that should not be obfuscated in the agency's evaluation principles. To that end, RNW asks that BPA address the following questions at the October Workshop and broaden its evaluation principles to better reflect stakeholder feedback received.

Questions on BPA's Cost-Benefit Analysis

- 1) Has BPA conducted any internal studies to evaluate the economic impacts and benefits of joining a DAM?
- 2) Which external studies is BPA relying upon to evaluate the economic impacts and benefits of joining a DAM?
- 3) Please explain whether the economic impacts and benefits BPA is considering include impacts to BPA customers or focus solely on impacts to the agency, e.g., a potential linkage agreement between Washington and California, etc.
- 4) Do the economic impacts BPA is considering include costs associated with meeting state clean energy mandates and GHG accounting mandates under various GHG mandates throughout the region?
- 5) Please detail the upfront costs required to join Markets+ and how these costs would be recovered through BPA's financial processes, i.e. who would pay for these costs and when?
- 6) Please detail the costs associated with exiting the EIM and any internal costs associated with updating BPA's systems to accommodate any new DAM participation. Would a

decision to exit the EIM be part of BPA’s DAM participation decision or discussed in a separate process?

- 7) Has BPA conducted any internal studies, or relied upon any external studies, that evaluate non-economic impacts and benefits of joining a DAM? Please describe any non-economic costs and/or benefits BPA is considering.

Questions Specific to the WMEG Study

- 1) How does BPA propose to evaluate broader impacts, which were not included in the WMEG Study,¹ including impacts to system operations, compliance with customers contracts and dispatching the hydroelectric system, etc.?
- 2) Please provide the “Net Variable Cost” inputs provided by E3 for BPA, including Load Cost, Generation Cost, Reserve Cost, Reserve Revenue, Generation Revenue, Wheeling Revenue and Congestion Revenue, and explain any assumptions specific to BPA for each.
- 3) Please explain how BPA is calculating GHG costs and/or evaluating GHG Revenue since CAISO has established an allocation methodology for GHG Revenue in EDAM and SPP has not set any such allocation methodology for Markets+.
- 4) Please explain BPA’s expectations with respect to the inclusion of Fast Start Pricing (“FSP”) in Markets+ and whether and/or how BPA is evaluating similar costs in EDAM.
- 5) Please describe the costs impacts under each of the three scenarios studied by E3, including Business as Usual, EDAM Bookend Case, and Markets+ Bookend Case.
- 6) Please discuss the Net Cost Impact to BPA in relation to the key dynamics observed across different entities, as noted in the study, and identify which group of entities BPA falls under each of the scenarios.
- 7) Is BPA one of the entities that benefits from increased wheeling revenue when selling to the EDAM footprint (after joining Markets+)? Please describe BPA’s view on potential seams issues, including wheeling costs and market friction.
- 8) Has BPA evaluated how its existing transmission contracts might impact wheeling revenue?

BPA’s Evaluation Principles Should Be Expanded

Each of the stakeholder concerns noted by BPA must be thoroughly addressed before any decision can be adequately justified by the agency. For example, various stakeholder concerns expressed after the kickoff meeting about the cost-benefit analysis were highlighted by BPA, including the potential loss of benefits that multiple markets could result in. BPA provided a crosswalk to indicate how each concern fit under its previously identified principles.

¹ E3, WMEG: Western Day Ahead Market Production Cost Impact Study (“WMEG Study”) at 4 (June 2023) (noting the WMEG study was limited to analyzing impacts to “variable generation and power purchase costs for each entity – that is, changes to the costs each entity incurs for fuel, variable O&M, and startup costs to generate electric power, as well the cost and/or revenue from power market purchases and sales” and did not include: a) generation investment savings; b) procurement savings; c) coordinated regional transmission planning and investment; or d) reliability improvements).

However, the concerns about the cost-benefit analysis may not be fully captured in BPA's "Business" principle, which merely states that BPA's participation will be supported by a sound business rationale. A sound business rationale for BPA could result in less desirable impacts on others in the region, including business impacts, environmental impacts, etc. RNW therefore encourages BPA to re-think and/or broaden its evaluation principles to foster a more robust analysis and better reflect the agency's leadership role in the region. The impact of BPA's DAM decision on the region can hardly be understated and warrants careful scrutiny. BPA should provide an updated crosswalk prior to the Markets+ tariff filing, which loosely coincides with the conclusion of this process (in February).

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RNW appreciates BPA's consideration of these comments and the recommendations contained herein. Nothing contained in these comments constitutes a waiver or relinquishment of any rights or remedies provided by applicable law or under BPA's tariff or otherwise under contract.

Respectfully submitted on behalf of RNW,



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