

United States Senate

WASHINGTON, DC 20510

December 13, 2024

The Honorable John Hairston
Administrator
Bonneville Power Administration
P.O. Box 3261
Portland, OR 97208-3621

Dear Administrator Hairston:

We continue to hear concerns from stakeholders about Bonneville Power Administration's (BPA) decision regarding whether to join a day-ahead electricity market—we reiterate our request that you act carefully and deliberately. We acknowledge the difficult decision of choosing an electricity market that best serves the needs of the Pacific Northwest, and we appreciate your response to our July 2024 letter detailing the many considerations you have in making this choice. Ultimately, it is imperative that BPA's electricity market choice improves the reliability, the affordability, and reduces the greenhouse gas emissions of our energy system.

Recently released markets studies have provided important modeling to help shape BPA's decision-making. This includes a study by E3, commissioned by BPA, which projected that the Southwest Power Pool's (SPP) Markets+ initiative will raise costs by between \$79 and \$129 million in 2026 for BPA ratepayers—our constituents—compared to business-as-usual. There is no scenario that E3 evaluated that demonstrated net financial benefits by joining Markets+. Another study by the Brattle Group projected that if BPA joins Markets+, it will raise costs for BPA customers by \$83 million in 2032.

You have said that a final decision on which, if any, market to join will not be made until May 2025. Recently, BPA has announced its intent to commit upwards of \$25 million to develop phase two of Markets+. While BPA has said that this funding decision is not a commitment to join Markets+, SPP has characterized it otherwise, stating that “[implementation] activities cannot begin until prospective market participants execute phase two funding agreements, essentially committing to join Markets+.” This, coupled with BPA's decision not to invest a significantly smaller contribution to developing the West-Wide Governance Pathways Initiative, has created the impression among many stakeholders that BPA has already chartered a course despite data from these studies showing that joining Markets+ will increase costs to ratepayers.

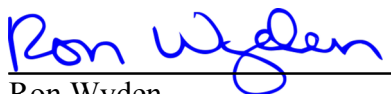
We agree with ongoing concerns related to governance issues and the necessary state legislative actions for the regional operator of the Extended Day-Ahead Market (EDAM) to be truly independent from any individual market participant. While aspects of the design and governance of Markets+ may be preferable, those advantages cannot come at a steep financial cost to ratepayers. The purpose of organized markets is to improve transmission and generation efficiencies across the market, reducing costs and increasing reliability, while maintaining the integrity of greenhouse gas accounting for participating states. Any market choice must be driven by a strong business case—thus far, BPA has not been able to make this case for Markets+. This is particularly worrisome during a time of steep growth in rates, both for public and investor-owned utilities, across the Northwest.

To ensure the lowest and fairest cost for consumers across the Northwest, can you please answer the following questions by the end of the calendar year:

1. How will you ensure that BPA's obligations under its guiding statutes, including the Northwest Power Act, will in no way be compromised in any day-ahead market decision? Does BPA currently have concerns in this regard?
2. BPA's own analysis shows that joining no market may be better financially than joining either day-ahead market; however, joining Markets+ remains BPA staff's preferred option. Governance issues appear to be the driving factor for this preference, but at what point does BPA determine that the financial cost outweighs any other net benefits from joining either market? Please enumerate all key factors and how you are weighing these various factors versus the financial cost to ratepayers. Is BPA going to do additional analysis into the viability of not joining either market?
3. Do you believe that not joining a day-ahead market is a viable option in the short term? How about in the long-term?
4. SPP characterized dedicating \$25 million as "essentially a market decision". Does BPA agree or disagree with this characterization?
5. Is BPA planning to conduct further independent economic analysis on this decision?
6. Why did you decide not to invest \$25,000 toward developing the Pathways Initiative?
7. What process has BPA set up for engaging in formal government-to-government consultation with affected Tribes?

We appreciate your response and stand ready to collaborate on this important issue.

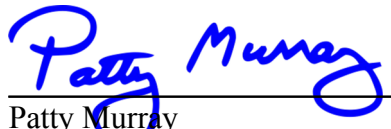
Sincerely,



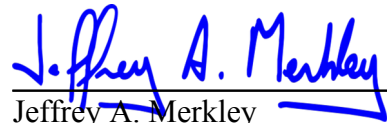
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