



November 13, 2024

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

RE: Bonneville Power Administration's Day-Ahead Market Participation Evaluation

Dear Administrator Hairston,

Thank you for joining us at our annual meeting last month. We appreciate you taking the time to update us on the many initiatives underway at Bonneville.

Given the immense public scrutiny surrounding BPA's Day Ahead Energy Market decision, we wanted to take this opportunity to endorse BPA's sound principles for market participation and transparent stakeholder processes. We agree it makes sense to fund Phase 2 of the Southwest Power Pool (SPP)'s Markets+ option. The importance of having a viable alternative to CAISO's EDAM cannot be overstated.

We know you appreciate the magnitude of this decision for BPA, your customers, and the West at large. Despite self-serving attacks to the contrary, OMEU thinks BPA is taking the appropriate time and making the necessary investments to ensure this decision is done right. At this juncture, we strongly support the (SPP) Markets+ option. We are pleased with the open stakeholder process that formed Markets+ and which has facilitated the development of policies consistent with Bonneville's statutory obligations to preference customers.

Unlike many of the investor-owned utilities, renewable developers, or state regulators that are weighing in on BPA's decision, our chief interests are not maximum profits or ensuring that the State of California can meet their ambitious clean energy goals. For our ratepayers, we think it is more important that BPA has an equal seat at the market governance table to advance affordability and reliability over profits. We expect BPA's participation in a day-ahead market to provide our customers with more stable returns and management of risk than what the current CAISO EDAM will allow. We are suspect when much of the revenue that accrues from CAISO's EDAM, particularly in the longer term, is from congestion revenues. This is a market design flaw that creates a perverse incentive not to address the source of the congestion through needed infrastructure investment.

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CAISO and the State of California have long been aware of BPA's concerns about governance. While the Pathways Initiative Step 2 helps to move the needle, it fails to provide independent market operations, independent contracts, and an independent tariff. We believe these are necessary prerequisites. We should not continue to wait around if these features are not adopted by BPA's extended decision timeline of May 2025. Many other market participants have made their decisions, and BPA needs to move on with implementation too so that we do not foreclose our options and can begin to realize the benefits of participation in a day-ahead market.

During this time of transition in the energy sector and government, thank you for your leadership. Your commitment to public service and stewardship of BPA does not go unnoticed.

Sincerely,

/s/ Jennifer Joly

Jennifer Joly, Director

Oregon Municipal Electric Utilities Association