



December 6, 2024

RE: Portland General Electric Company's Comments on Bonneville Power Administration's Day-Ahead Market Participation Workshop on November 18, 2024

Portland General Electric ("PGE" or "the Company") appreciates the opportunity to comment on the Bonneville Power Administration's ("BPA" or "the Agency") ninth workshop in their public engagement process to establish a policy direction on day-ahead market participation. PGE is a BPA transmission customer and a Western Energy Imbalance Market ("WEIM") participant. PGE shares the BPA's interest in participating in a day-ahead market and committed in March 2024 to join the California Independent System Operator's ("CAISO's") Extended Day-Ahead Market ("EDAM").¹

The BPA's November 18, 2024 workshop is the fourth workshop following the April 2024 BPA Staff letter in support of (1) the BPA joining a day-ahead market, and (2) that the market be Markets+.² This recommendation also called for the BPA to continue their evaluation as regional footprint and market design considerations evolved. Since BPA Staff's April 2024 recommendation, there has been significant evolution both in the emerging EDAM footprint³ and in the progress made towards governance changes⁴ to ensure a future regional operator has a fully independent, balanced governance structure.

Because the BPA's day-ahead market participation decision will have a significant impact on the region, and in accordance with the BPA Staff recommendations outlining the need for a continued evaluation of market choice, PGE observes the following:

- PGE requests that BPA respond to PGE's questions regarding the cost of unwinding BPA's participation in the Western EIM and implementing Markets+, including BPA's proposed cost allocation of these costs. PGE requests that BPA provide not only the benefits estimates but also the cost estimates for each market, including transition costs.

In addition, BPA must explain how it intends to allocate these costs. PGE notes that PGE strongly opposes allocating any BPA costs associated with joining Markets+ to transmission

¹ Portland General Electric (March 26, 2024). *PGE Announces Intent to Join Regional Energy Market to Access New Resources and Provide Cost Savings for Customers*. <https://portlandgeneral.com/news/2024-03-pge-announces-intent-to-join-regional-energy-market>

² Bonneville Power Administration (April 4, 2024). *Staff Recommendation on Day-Ahead Market Participation*. <https://www.bpa.gov/-/media/Aep/projects/day-ahead-market/2024/02-day-ahead-market-attachment-1-staff-recommendation.pdf>

³ California Independent System Operator. *Extended Day-Ahead Market*. <https://www.westerneim.com/Pages/ExtendedDayAheadMarket.aspx>

⁴ West-Wide Governance Pathways Initiative (November 15, 2024). *Launch Committee Step 2 Final Proposal*. <https://www.westernenergyboard.org/wp-content/uploads/Pathways-Initiative-Step-2-Final-Proposal.pdf>



customers. PGE also notes that while energy imbalance is a service under the transmission tariff, the costs to unwind EIM participation would be incurred for the sole purpose and benefit of joining Markets+. Transmission customers should not be burdened with these costs as they do not benefit from the BPA's proposal to create a seam in the West. Further, the day ahead energy markets are not tariffed transmission products.

To support the BPA's efforts at providing this information, PGE share the following transition costs identified in [PGE's comparative study](#)⁵ of the EDAM and Markets+:

- Funding Markets+ development was estimated to cost \$130 million +/- \$32.5 million.
 - Assuming a 5% market share for PGE, the Company's estimated payment to the SPP for market development and implementation would have been \$4.9-8.1 million.
- Costs in transitioning PGE from RC West to the SPP Reliability Coordinator.
- The discontinuation of WEIM participation during Markets+ parallel operations for 60-120 days, resulting in lost WEIM revenue and increased operational costs.
- The transfer of the existing network model from the CAISO to the SPP.
- Costs for PGE staff training in adopting new terminology, processes, and resource models.
- PGE maintenance of the CAISO settlement system for three years after cutover to comply with the CAISO and PGE tariffs.
- Costs to PGE for software integration with the SPP systems.

The BPA should identify all other transition costs the agency has incurred to date, as well as additional transition costs the BPA anticipates incurring.

- PGE notes that the BPA's own analysis indicates that staying in the Western EIM produces \$130 million more in annual benefit than moving to Markets+ and does not incur any additional costs to participate. The BPA clearly also finds the historic governance for WEIM at least minimally acceptable for this level of market participation. PGE requests that the BPA evaluate "a stay in WEIM" case in addition to a day-ahead market decision to join EDAM or Markets+.

PGE is concerned that committing to a market design that has not yet been approved and has been found in independent studies to have potentially negative economic impacts for customers reflects an insufficient decision-making process. For this reason, PGE urges the BPA heed the concern expressed across the region and recommit to a fair and objective evaluation of the day-ahead market decision.

⁵ Portland General Electric (March 21, 2024). *Comparative Analysis of the CAISO's EDAM and the SPP's Markets+*, pg. 23.
https://www.oasis.oati.com/woa/docs/PGE/PGEdocs/PGE_EDAM_and_Marketsplus_comparative_study_2024.pdf