

*Submitted via Tech Forum on February 28, 2025*

**RE: BPA Day-Ahead Market Workshop 10**

The Public Power Council (PPC)<sup>1</sup> continues to support BPA's efforts to thoroughly explore the agency's potential participation in an organized day-ahead market and appreciates the opportunity to provide additional comments. BPA taking an active leadership role in Western market development is critical to ensure the value of the Federal System endures and is enhanced for BPA's customers over the coming decades. PPC recognizes BPA's commitment to achieving these objectives over the past years and encourages the agency to continue its role as a leader in Western market development. BPA taking a step back at this juncture and waiting for external developments will only jeopardize the considerable successes the agency's leadership role has fostered.

***BPA Day-Ahead Market Public Process***

BPA's public process to evaluate prospective participation in a day-ahead market and determine a preferred day-ahead market has thoroughly examined a wide range of issues. Despite the considerable quantitative and qualitative analysis shared to date, and the ample opportunity BPA has given for discussion and dialogue, PPC expects there will be continued pressure for BPA to delay making an official decision on day-ahead market participation. Most of this pressure appears to be coming from stakeholders that are currently expediently moving towards participation in the day-ahead market of their choice with little to no input from other western stakeholders, or regional associations that similarly have shown strong support for a specific market option. PPC sees no incremental value in another delay of BPA's day-ahead market decision and encourages BPA to proceed according to its established timeline. BPA proceeding according to schedule will help the agency and customers in other initiatives such as Provider of Choice and provide much needed clarity to stakeholders across the broader West.

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<sup>1</sup> PPC, established in 1966, is an association that represents the vast majority of consumer-owned electric utilities in the Northwest, with membership spanning across six states. PPC's mission is to preserve and enhance the benefits of the Federal Columbia River Power System operated by BPA for consumer-owned utilities. PPC's members pay roughly 70% of BPA's annual \$3.9M revenue requirement, in addition to owning their own generation and transmission facilities in the Northwest. These comments reflect the collective perspective of PPC's member utilities; individual PPC members will conduct their own analysis of market participation options which may differ.

**Transmission Impacts of EDAM and Markets+**

PPC appreciates the analysis presented on the potential transmission revenue impacts of day-ahead markets. At the time of the presentation, PacifiCorp had recently filed its EDAM implementation tariff modifications at FERC. As BPA is well aware, the PacifiCorp filing brought to light potentially significant new costs that BPA transmission customers may face if BPA were to participate in EDAM. The filing and subsequent analysis from western stakeholders has highlighted adverse consequences of the EDAM design choice that “internal congestion” charges collected are allocated to the Balancing Area where the physical constraint is located. However, the financial charges associated with each constraint can and do “spillover” to participating Balancing Areas external to where the constraint is physically located – essentially creating new congestion charges without an offsetting congestion allocation. Data published the CAISO Department of Market Monitoring (DMM) shows that constraints physically located within the CAISO are the largest source of “internal congestion” across the entire WEIM footprint. The table below summarizes the congestion impacts on BPA’s system arising from constraints in various Balancing Areas for Q1 of 2024:

**Internal Transmission Constraint Congestion Impact<sup>2</sup>**  
January – March 2024

Constraint Location	Q1 \$/MWh Impact to BAA			
	AZPS	BPAT	AZPS to BPAT Wheel	
AZPS	\$ 0.08	\$ -	\$ (0.08)	
BPAT	\$ (0.54)	\$ 0.54	\$ 1.08	
CISO	\$ (12.54)	\$ 9.02	\$ 21.56	
LADWP	\$ (0.01)	\$ -	\$ 0.01	
PACE	\$ -	\$ -	\$ -	
PGE	\$ (0.06)	\$ 0.09	\$ 0.15	
PNM	\$ -	\$ -	\$ -	
Other	\$ (0.03)	\$ -	\$ 0.03	
<b>Total*</b>	<b>\$ (13.11)</b>	<b>\$ 9.63</b>	<b>\$ 22.74</b>	

This table shows during Q1 of 2024 “internal congestion” had price impacts on the BPA BAA averaging \$9.63/MWh. Of that total, \$9.02 of internal financial congestion in the BPA BAA arose from constraints physically located in the CAISO. For a hypothetical wheel from AZPS to BPAT similar to those that occurred during the MLK weekend cold snap, the wheel would pay CAISO through congestion or a CRR over \$22/MWh in congestion and only potentially receive roughly \$1.00/MWh for congestion on the BPA and AZPS system. That also assumes the \$1.00 is allocated to transmission customers – an outcome that is not a foregone conclusion. As demonstrated by Powerex in their report on this issue<sup>3</sup>, these new unhedgeable charges can also

<sup>2</sup> Data from [CAISO Department of Market Monitoring Q2 Report](#) – Table 1.4 “Impact of internal transmission constraint congestion on 15-minute market prices during all hours (WEIM, January-March 2024”.

<sup>3</sup> [“PacifiCorp’s Recent FERC Filing Reveals a Major EDAM Market Design Flaw”](#), Powerex, February 2025.

accrue for schedules that *stay within the BPA BAA – effectively resulting in BPA transmission customers paying the CAISO to use their own rights.*

PPC believes the information that has come to light on this issue should be incorporated into BPA’s analysis. The EDAM approach would create new large, incremental costs on BPA and its transmission customers that have not been adequately reflected in day-ahead market benefit studies. Applying EDAM’s congestion allocation methodology on BPA’s system may also jeopardize BPA transmission cost recovery through reduced transmission sales, despite the current large transmission queue. For example, in their protest of the PacifiCorp EDAM Implementation Tariff, Shell Energy explains the potential impacts:

*Shell Energy would probably not take on the risk of the transaction and would have to reconsider whether to continue utilizing PacifiCorp transmission. If Shell Energy and other transmission customers forego taking PacifiCorp transmission service, unforeseen costs would be shifted to ratepayers as fewer subscribers of transmission retain these rights given the inability to hedge EDAM’s congestion charges. For Shell Energy and other market participants using firm transmission to transmit energy across the region, relinquishing firm PacifiCorp transmission will increase costs for end user customers, as Shell Energy could no longer use those rights for these transactions. In addition, forcing Shell Energy to give up firm transmission rights would result in customers having less opportunity to contract for fixed price transactions to hedge their supply needs.<sup>4</sup>*

This perspective was not unique within the protests of the PacifiCorp filing and despite BPA’s lengthy transmission queue, many customers may ultimately decide the EDAM approach to congestion allocation represent a sufficient risk to no longer purchase BPA transmission. The Markets+ approach proactively addressed this issue by creating a framework that allocates transmission congestion arising from all constraints to all impacted customers.

### ***Prospective Market Seams in a Multi-Footprint WECC***

PPC appreciates the detailed documentation and analysis of potential market seams in a multi-footprint Western Interconnection. For some time, “market seams” have been used as an abstract threat to undermine the potential benefits of a market designed and governed independent of the CAISO. BPA’s analysis was a useful step in demystifying market seams and providing a clearer view into impacts of operational, commercial and reliability seams. PPC acknowledges the potential complexities of seams. At the same time, new market-to-market seams provide an opportunity to address long-standing commercial outcomes that have concerned PPC. Potential issues that could be better addressed include but are not limited to equitably allocating the value of trade between regions during extreme events (such as MLK weekend 2024), compensating resources equitably through industry standard price formation practices such as fast-start pricing, implementing GHG frameworks that enable load with forward contracted supply to receive the

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<sup>4</sup> See Shell Energy Protest Docket No. ER25-951-000, at 8.

environmental attributes of those resources, and adopting market power mitigation that limits harm to resources.

The Eastern Interconnection and its many organized markets demonstrate that market-to-market seams are manageable. The continued existence of multiple ISO and RTOs in the east, despite the multitude of studies attempting to quantify lost value clearly indicates their actual market participants prefer differences in market design and governance over estimated and perceived benefits of a wider footprint.

### ***Conclusion***

PPC appreciates the opportunity to comment and to actively engage with BPA and stakeholders from across the West in BPA's day-ahead market decision process. We continue to support BPA's approach to evaluating its day-ahead market options and look forward to BPA's draft decision planned for release in early March.