



## Department of Energy

Official File

Bonneville Power Administration  
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EXECUTIVE OFFICE

August 11, 2022

In reply refer to: BTO, Market Initiatives

To: Public Power Council Executive Committee Members; Scott Simms, Executive Director, PPC

### **Update on Bonneville's participation in the next phase of SPP's Markets+ development**

Bonneville appreciates the Public Power Council's engagement in further developing integrated market options in the West, and the preference customers' objectives and parameters that were outlined in your letter dated May 5, 2022, and in ongoing dialogue. Bonneville wishes to provide this update on its participation in the next phase of Southwest Power Pool's Markets+ development.

Bonneville is exploring the potential for organized energy market options to enhance its delivery of reliable, affordable and carbon-free hydropower to our customers. As part of this exploration, Bonneville is actively engaged in the development of two day-ahead energy market initiatives in the West: SPP's Markets+ day-ahead and real-time market initiative and the California Independent System Operator's Extended Day-Ahead Market (EDAM) initiative. Both proposals are scheduled to reach critical milestones later this year. For the reasons explained below, Bonneville will continue to evaluate both market options and has decided to commit resources to support and fully evaluate Markets+, including funding Bonneville's share of the next implementation phase.

While the Markets+ and EDAM initiatives are still in early stages of development, Bonneville recognizes that independent governance is an essential aspect of any potential future market to ensure neutrality in market development, implementation and operation. While some aspects of the Markets+ governance proposal can be improved upon, Bonneville is encouraged by the representative nature of SPP's existing governing structure and its participant-driven process. Further, Bonneville supports the Markets+ governance proposal that includes an independent, West-wide panel. Bonneville is also encouraged by SPP's track record of accommodating the unique characteristics and statutory requirements of the Western Area Power Administration in its other markets and SPP's long history of working with public power in its Eastern region.

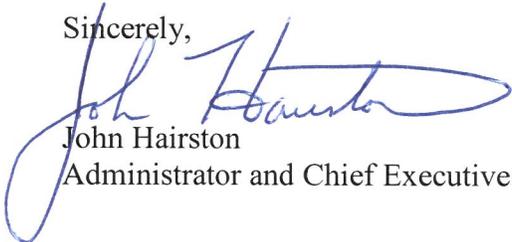
Bonneville expects to fund its share of the next developmental phase of Markets+ in late 2022, based on SPP's current timeline. Bonneville will also participate in the drafting of a tariff and market protocols with other regional parties as part of this next phase of development, beginning in 2023.

Bonneville has not made a decision to join Markets+ as a market participant. Bonneville would hold a public process before deciding to participate in any market, as we did before joining CAISO's Western Energy Imbalance Market in May. The Markets+ design has many unknowns, but by supporting and participating in SPP's process, Bonneville and our customers can help shape the market design in a way that ensures it could work with our statutory obligations and support Bonneville's customers' needs and interests. Our goal in funding the next phase of the Markets+ development is to ensure we have a fully developed option that could work for Bonneville and that we can evaluate alongside CAISO's EDAM proposal.

Bonneville will also continue to participate in the EDAM development process. Bonneville recognizes the need to assess both market opportunities. In addition, regardless of Bonneville's future day-ahead market decisions, Bonneville must ensure that both markets support continued service to transfer customers that may be within a market footprint, allow for external resource participation, address the use of Bonneville transmission, and mitigate any seams issues that may arise.

The development of a day-ahead market in the West presents a significant potential opportunity. Bonneville is participating in these market development processes with an eye toward maximizing the value of the Federal Columbia River Power and Transmission Systems, consistent with Bonneville's legal obligations, which could provide cost and reliability benefits for our customers. I look forward to working with you as these processes move forward.

Sincerely,

A handwritten signature in blue ink that reads "John Hairston". The signature is fluid and cursive, with a large loop at the end of the last name.

John Hairston  
Administrator and Chief Executive Officer