

May 5, 2022

BPA Preference Customers' Statement on Developing Integrated Market Options

All Public Power Council (PPC) members are statutory preference customers of the Bonneville Power Administration (BPA) and fund about 70 percent of the agency's \$3.9 billion revenue requirement. As a group, we represent over 90 percent of BPA's Tier 1 sales and are the largest purchasers of BPA's power products and services and among the largest purchasers of BPA's transmission products and services. As we near the end of our existing contracts with BPA, we are watching closely to determine whether the Federal system will continue to provide our customers and the region with the reliable, affordable, and clean resources that Congress envisioned.

We remain committed to exploring organized market options that develop in the West to assess whether an option exists that appropriately values the attributes of the FCRPS and provides net benefits to BPA customers. PPC, as well as its individual members, are actively engaging in development and evaluation of the two leading options for platforms to operate an integrated real-time and day ahead market for the West: CAISO's Extended Day Ahead Market (EDAM) platform and SPP's Markets+ platform.

The deployment of an integrated real-time and day ahead market is a very significant undertaking. Any market alternative must be carefully considered to ensure all design objectives are properly met without undue adverse effects. The ability to evaluate two fully-formed day ahead market options, where both the market design and market governance have been developed, will ensure that entities are able to make an informed decision on the option that provides the best step forward for their customers.

As the statutory preference customers of BPA, we will be seeking a long term market option that *maximizes* our three business objectives. First, the market must reduce future costs for our customers by reducing net power supply costs and providing just compensation for all relevant attributes of the Federal system. Second, the market must maximize efficient operation and help enable expansion of the Federal transmission system. And third, the market must facilitate integration of additional carbon-free resources.

At the same time, an acceptable market must operate within several parameters. First, it must maintain or enhance grid reliability. Second, it must preserve our statutory rights to cost-based Federal service. And finally, it must have a strong and effective independent governance structure that does not unduly discriminate in favor of or against specific market participants.

PPC has already dedicated significant staff resources to the development of the CAISO EDAM and will continue to do so. In addition, to be able to evaluate two fully formed day ahead market


alternatives to determine which is most consistent with the objectives and parameters laid out above, and consistent with the commitments made by other Western entities, PPC is hereby committing to support the further development of SPP's Markets+ initiative by:

- Dedicating key staff to participate in these initiatives over the next 12 months; and
- Continuing to work collaboratively with SPP and other stakeholders towards the design of a governance framework and conceptual day ahead market design proposal, which is currently targeted for completion before the end of 2022.

We look forward to working with other regional entities to ensure that each participating entity is able to make a fully informed decision on how best to meet its customers' evolving needs in the context of a rapidly changing western electricity grid. We appreciate the commitments to this process made by other Western entities and encourage others, especially BPA, to make a similar commitment to ensure the best outcome for all entities in the West.

Regards,

Public Power Council Executive Committee Members



Max Beach

General Manager, Idaho County Light and Power



Libby Calnon

General Manager, Hood River Electric Cooperative



Bryan Case

CEO/General Manager, Fall River Rural Electric Cooperative



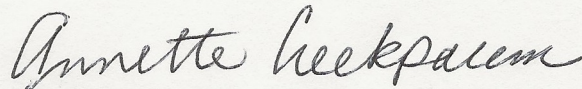
Dan Bedbury

Director of Energy Resources, Clark Public Utilities



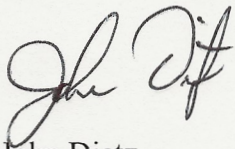
Megan Capper

Energy Resources Manager, Eugene Water and Electric Board



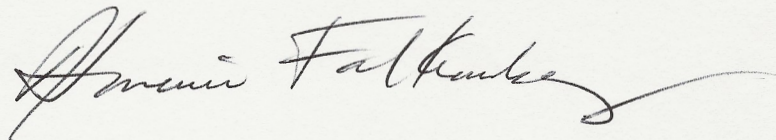
Annette Creekpau

Manager, Mason County PUD #3



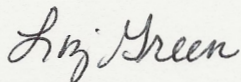
John Dietz

General Manager, McMinnville Water &
Light



Humaira Falkenberg

Power Resources Manager, Pacific County
PUD #2



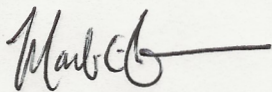
Liz Green

Commissioner, Skamania County PUD



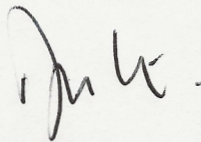
Gary Huhta

General Manager, Cowlitz PUD



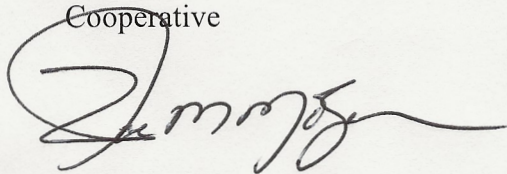
Mark Johnson

General Manager, Flathead Electric
Cooperative



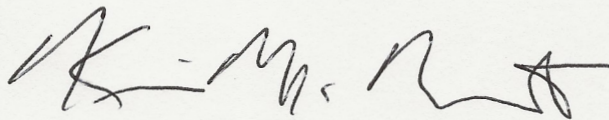
Roger Kline

General Manager, Northern Wasco County
PUD



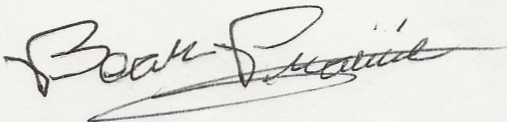
Joe Morgan

General Manager, Modern Electric Water
Company



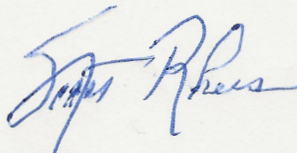
Kevin Nordt

Chief Resource Officer, Grant PUD



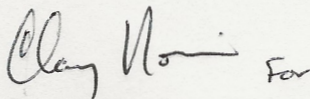
Travis "Bear" Prairie

General Manager, Idaho Falls Power



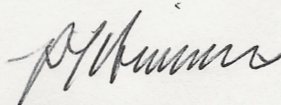
Scott Rhees

General Manager, Franklin PUD



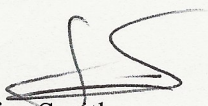
Chris Robinson

General Manager & COO, Tacoma Power



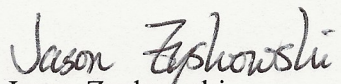
Todd Simmons

General Manager, Tillamook PUD



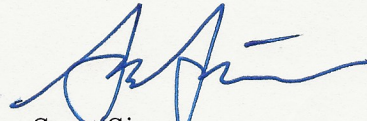
Jim Smith

General Manager, Klickitat PUD



Jason Zyskowski

Assistant General Manager, Facilities,
Generation, Power, Rates & Transmission
Management, Snohomish County PUD



Scott Simms

Executive Director, PPC