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RE: Powerex Corp. Comments on Portland General Electric's Revised Proposed Tariff Revisions for EDAM Participation

Powerex submits these comments on Portland General Electric's ("PGE's") revised proposed changes to its Open Access Transmission Tariff ("OATT") to enable its planned participation in the California ISO's Extended Day-Ahead Market ("EDAM").

PGE's proposed changes to its OATT will result in transmission customers, including Powerex, no longer receiving the economic value of the firm transmission service they have invested in. Powerex believes it is vital for transmission customers that currently invest in PGE firm transmission rights, or that may do so in the future, to fully understand the breadth of the changes being proposed by PGE.

Under PGE's current OATT, in return for investing in PGE firm transmission service, transmission customers receive priority to physical schedule deliveries from the point of receipt ("POR") to the point of delivery ("POD"), and do not incur any congestion charges even when the market price at those locations is different. The transmission customer therefore receives ***both physical delivery priority <u>and</u> the economic value for the delivery path they invest in***. This economic value can be realized in at least four ways:

1. **Long-term supply delivered to load**: Delivering owned or contracted supply to an entity's own (or contracted) load (and without being exposed to market prices at either the supply or load locations);

2. **Market purchase delivered to load**: Purchasing and delivering market energy from a remote location to load, where the energy purchased is lower cost than available energy in the load's location;

3. **Long-term supply delivered for market sale**: Selling and delivering owned or contracted supply to a distant market location, where market prices are higher than the market price where the supply is located;

4. **Market purchase delivered for market sale:** An intermediary with no generation or load can deliver energy it purchases at one location to a sale at a different location, earning the locational market price difference.

PGE firm transmission service can also currently be used by the transmission customer to support sales of ancillary services, to support forward showing contracts under resource adequacy programs, and to make clean or renewable deliveries under different environmental programs, where delivery of specific resources to specific loads must be demonstrated.

Participation in any of these types of transactions and regional programs is currently possible for transmission customers that invest in PGE firm transmission service. And PGE's current cost-based rate framework for providing this service makes it economically feasible for LSEs, generators, and intermediaries to commit to long-term transmission service agreements to support their intended transactions or participation.

The importance of preserving the core elements of firm transmission service—and the ability of transmission customers to be able to determine when and how to use their transmission rights—was recognized in the design of Markets+, which offers transmission customers of transmission providers that join Markets+ the choice of two frameworks:

1. Transmission customers can elect to "carve out" transmission rights from Markets+, with the transmission customers retaining delivery priority through real-time, and without being exposed to any Markets+ financial settlement including charges for congestion;

   or

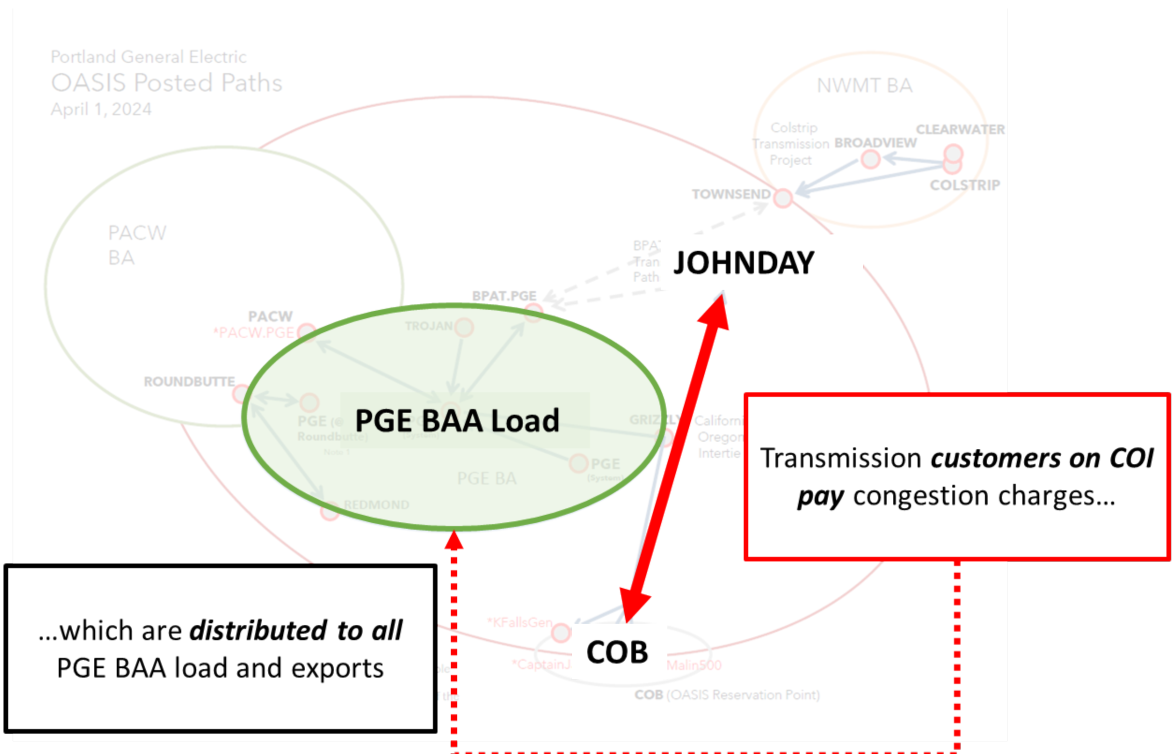
2. Transmission customers will have their rights made available to Markets+, and will schedule deliveries through Markets+, but the congestion charges collected by the Market Operator on a congested delivery path are distributed back to the transmission customer(s) that own firm transmission rights on that delivery path.

Transmission providers that have indicated a preference to join EDAM—beginning with PacifiCorp and now also including PGE—are pursuing an entirely different approach. PGE has **not** proposed any type of "carve out" for transmission customers that do not wish to use their transmission rights in EDAM. Instead, all transmission customers that schedule deliveries on their transmission rights will be effectively forced into EDAM as they will be required to submit self-schedules in EDAM and will be subject to financial settlement of those schedules in EDAM (based on the market price difference between their POR and POD).

Rather than delivering those congestion charges back to the transmission customers that own firm rights on the applicable path, PGE (like PacifiCorp) proposes for these congestion revenues to be distributed "to all load and interchange by Measured Demand."[1] This approach assigns the congestion paid by PGE's transmission customers to all PGE's BAA load and exports, depriving PGE's transmission customers of the economic value of their transmission rights. It also deprives them of any hedging mechanism against uncertain, and potentially large and volatile EDAM congestion charges they will now face when using their rights.

[1] PGE proposed Attachment P at 6.1.

Virtually all of the transmission service sold by PGE to third-party customers is for the use of PGE's ownership share of the BPA-operated northern segment of the California-Oregon Intertie ("COI") between John Day and COB. Currently, 654 MW of PGE's 950 MW North-to-South COI share, and 100 MW of PGE's 727 MW South-to-North COI share have already been committed under long-term transmission service agreements to 9 different third-party transmission customers. It is these rights holders that will bear the brunt of the impact of PGE's proposed OATT changes for EDAM.



The economic value of transmission from John Day to COB, or from COB to John Day, is currently received by the transmission customers that compete to acquire and commit to pay for PGE firm transmission rights. However, under PGE's proposal this economic value will be largely retained by PGE and its affiliated load, as PGE's load will be the majority of measured demand each and every hour, and hence receive the majority of the congestion charges that are collected. This is an outright confiscation of the economic value of transmission rights for the benefit of PGE itself. Enabling PGE's participation in EDAM **does not require** stripping transmission customers of the economic value of the COI transmission rights they have invested in, and PGE has not provided any reason for its failure to provide transmission customers with either a direct hedge against congestion charges for use of their transmission rights or an outright "carve out" of their rights from EDAM.

Notably, there are already significant and ongoing concerns about the misallocation of congestion rent across these same multi-state facilities, including during the January 2024 winter weather event

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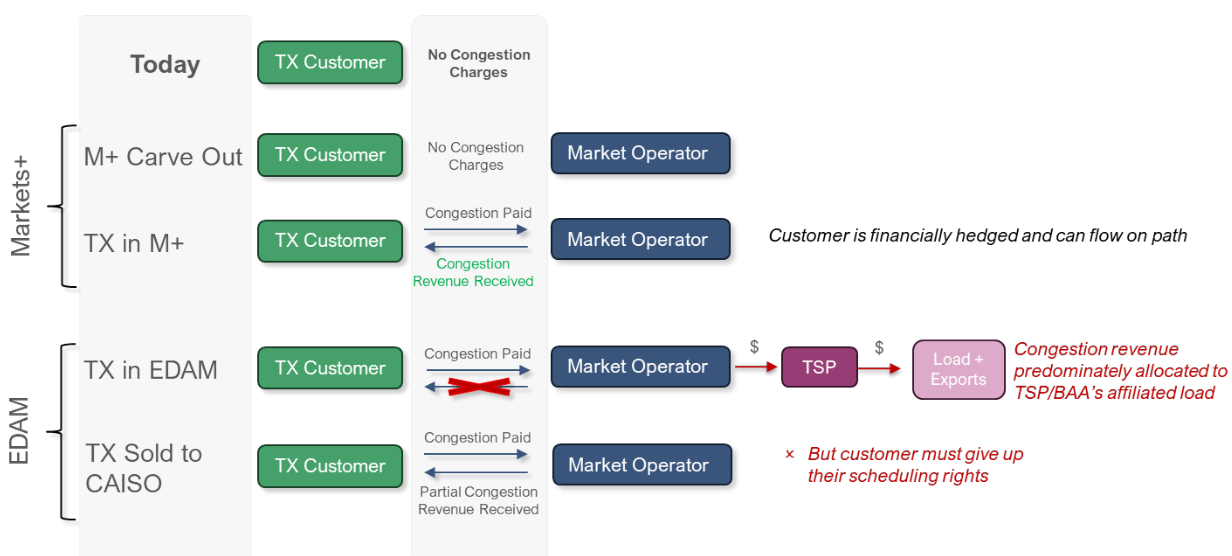
when the California ISO collected over $100 million in just five days associated with congestion physically occurring in Oregon and allocated it exclusively to California ISO customers. This misallocation of value came at the direct expense of transmission customers with firm rights on the northern segment of these facilities, including PGE's transmission customers. PGE's proposal would exacerbate these concerns in EDAM, since even if some of the congestion revenue on the COI were to be correctly allocated to the northern segment, it would then be misallocated by PGE for its own benefit (rather than returning it to the rights holders on the path).

PGE's proposed tariff only proposes one avenue for transmission customers seeking to avoid this confiscatory outcome: to effectively sell their rights to the California ISO to make the COI capacity available for use in the organized market preferred by PGE (EDAM). Any transmission customer that sells their COI rights to the California ISO under this approach necessarily forfeits delivery priority and the ability to e-Tag their deliveries from source to sink. COI transmission rights that are sold to the California ISO in this manner will therefore no longer be able to support deliveries under resource adequacy or clean and renewable programs. PGE's "either/or" approach is a transparent effort to make PGE firm transmission rights on the COI unworkable for any use other than EDAM.

The following table shows that the benefits received by transmission customers that invest in firm transmission service under PGE's current OATT are fully preserved through the transmission framework developed for Markets+, but these benefits are not received under PGE's or PacifiCorp's proposals for EDAM. This underscores that it would be entirely possible for PGE to participate in EDAM while still protecting customers that invest in firm transmission service from exposure to congestion charges and preserving their delivery priority on the path. PGE simply has chosen not to do so in its current proposal.

Framework Comparison



Powerex continues to urge PGE to reconsider its approach to amending its tariff to enable its EDAM participation. Specifically, PGE should pursue solutions that enable transmission capability to be made available in organized markets while protecting the core value elements of firm transmission service. Furthermore, Powerex and other stakeholders previously submitted comments and received no responses in writing. Powerex requests that PGE provide written responses to all stakeholder comments submitted to date.