

October 26, 2026

Mr. Travis Kavulla

Administrator and Chief Executive Officer

Bonneville Power Administration

P.O. Box 3621

Portland, Oregon 97208-3621

Dear Administrator Kavulla:

Your September 3, 2026 letter to the Regional Organization for Western Energy (ROWE) and the accompanying statement of governance principles articulates, clearly and factually, the market features that are essential to a durable and equitable Western market: a sound resource adequacy foundation, fairness among participants, and a congestion revenue design that supports investment in the physical transmission system. Those features are not new to this region. Western participants have advocated for them for years, with limited success, until Western stakeholders undertook to design a market of their own in Markets+. Bonneville's voice has been central to that advocacy, and we are glad to see that tradition of insisting on strong market design continues under your leadership.

We offer the following observations in the spirit of the diligence your letter describes.

Markets+

Markets+ exists because Western stakeholders sought an alternative built around precisely the features your letter identifies. Those stakeholders deliberately sought an experienced, independent operator and invited Southwest Power Pool (SPP) to facilitate market development and operations. SPP brought mature market systems, practical experience managing market-to-market seams, a track record integrating high levels of variable energy resources, and the ability to support a long-term vision for diversity and liquidity extending beyond the Western Interconnection.

The Markets+ footprint is substantial. Entities representing approximately 280,000 GWh of 2023 load service have signed on and committed funding to develop the market, with a non-coincident peak load of over 55 GW and a coincident peak of around 50 GW.¹ That footprint exceeds the load served in the California Independent System Operator (CAISO) Balancing Authority Area and approaches the size of SPP's existing market. Equally important, the development of Markets+ itself has been a catalyst for market improvement across the West, contributing to meaningful advances in the voice of non-California entities in regional market governance, including recent California legislation contemplating an independent regional organization and other market design changes now under discussion.

¹ Based on FERC Form 714 (2023) for the funding Balancing Authorities

Resource Adequacy

We appreciate your emphasis on resource adequacy. Maintaining reliability while preserving affordability is the most pressing challenge facing our industry.

Resource adequacy is also the foundation of market liquidity. Liquidity is driven more by the depth of available surplus supply to transact than by total megawatt-hours transacted. A market with participants that are collectively adequate produces genuine surplus to trade; a market with participants that are not resource adequate is merely redistributing scarcity.

For that reason, a common resource adequacy requirement is essential to any market. Balkanized programs have historically permitted standards to drift during periods of surplus, through reliance on energy contracts without physical backing or delivery obligations and on the assumption that unspecified imports supported by another entity's program will satisfy a participant's own requirement. Diversity should reduce the total resources the region needs, but absent careful coordination through a common program such as the Western Resource Adequacy Program (WRAP), the same capability can be counted more than once and leave the market deficient when it matters most. A common requirement also ensures equity among participants and ensures that loads embedded within a balancing authority area plan to the same reliability standard as everyone else.

Bonneville's 2025 Day-Ahead Market Policy and Record of Decision reached much the same conclusion in identifying Markets+'s common resource adequacy standard as a superior design element, and your letter carries that conclusion forward in stating that WRAP, or something like it, should be a necessary and ultimately binding condition of Extended Day-Ahead Market (EDAM) participation.

In our view, no qualifier is needed. WRAP is FERC-approved, operational, and designed to include entities regardless of market choice. Developing a separate EDAM resource adequacy construct would require years of stakeholder and tariff work before it could bind any participant, during which the standard-drifting described above would continue. And because WRAP's footprint spans entities committed to Markets+ as well as entities expected to join EDAM, it is the only common program positioned to apply a single resource counting standard across the West.

Fairness Among Participants

Governance determines whether near-term design benefits endure. An independent board is necessary but not sufficient; an independent stakeholder process is its essential complement, because the stakeholder process determines whose voice and which language reach the board in the first place. Sector-based voting and a stakeholder process insulated from the market operator are, in our view, inseparable from board independence. Markets+ has achieved the essential governance constructs.

Markets also require common standards and the absence of asymmetric information among participants. Your letter correctly identifies the structural tension in CAISO serving both as the operator holding all market systems, market information and acting as balancing authority for the majority of load currently participating in that market while simultaneously serving as a regional market operator. Informational asymmetry allows one participant to form positions earlier, and on a different basis, than others. Addressing that separation is foundational rather than incidental.

Congestion Revenue and Transmission Development

In a non-RTO market, congestion revenue allocation must be designed carefully to preserve the incentive to continue paying for the existing physical transmission system and build new transmission. Two elements are foundational: transmission requirements embedded within the resource adequacy construct, and congestion revenue allocations that follow physical transmission rights so that they function as a hedge for load-serving customers against congestion cost.

Fair and equitable congestion revenue allocation is therefore both a direct customer protection and a precondition for new transmission investment. Bonneville identified this same linkage in selecting a congestion revenue mechanism that promotes transmission investment.

Decision Criteria

We value Bonneville's partnership in the development of Markets+, and we respect Bonneville's obligation to reach a market decision that serves its customers. We share your view that nothing short of a genuine cession of governance authority by California should satisfy any Western entity evaluating EDAM, and we note that the conditions your letter describes are the same conditions Western stakeholders have built Markets+ to meet.

The recent history of Western market reform bears directly on how those conditions should be weighed. The governance advances your letter identifies, including the legislation enabling an independent regional organization and the formation of ROWE itself, emerged only after Markets+ presented the region with a credible alternative. In our view that sequence was not coincidental, and the same competitive pressure exists today only because of Bonneville's decision to support the Markets+ initiative. Nearly all of the commitments you outline in your letter would remain outstanding, on timelines extending well beyond the period in which Bonneville has indicated it will conclude its review. A change of course made on future promises rather than actual change would surrender the leverage that has produced reform to date, risking a future in which Bonneville lacks both the means to compel completion and a practical path to restoring the alternative it had set aside. In our view the record to date supports Bonneville continuing on its current course. At a minimum, each of the following would need to be formally established, not merely promised, before EDAM could reasonably be weighed against Bonneville's existing Markets+ commitment:

First, that the California Public Utilities Commission and the State recognize the ROWE's sole authority over all tariff provisions governing EDAM, with a common set of tariff rules that apply equally to all participants, including elimination of the separate business practice manuals that today distinguish CAISO participation from that of other participants.

Second, that there is clarity on what constitutes a CAISO tariff issue as opposed to an EDAM market issue, so that sound market design questions properly within ROWE's authority are not recharacterized as CAISO tariff matters beyond its reach.

Third, that the California Energy Commission and California Public Utilities Commission's intentions are clear regarding as to whether the entities within their jurisdiction may participate in (WRAP), or a successor common resource adequacy program, which can be in addition to California's own resource adequacy planning, and that any such participation be reflected in commitments not subject to unilateral reversal.

Fourth, that the ROWE and the existing EDAM participants are genuinely aligned on the key principles of market design in a durable manner: a common resource adequacy requirement,

fair governance and an independent stakeholder process, and sound congestion revenue allocation that encourages transmission development. These features may not be equally desirable to all participants, and that reality may itself bear on the decision criteria of entities already committed to the EDAM framework.

Closing

We continue to respect the need for diligence on the question of markets. Just as Bonneville's decision must be in the interest of its customers, our decisions must be in the interest of ours. On that basis, many of the undersigned intend to continue toward the development of, and participation in, Markets+ for the benefits it delivers to our customers and to the region. We would welcome the opportunity to discuss any of the above with you and your team.

Respectfully,

Arizona Public Service Co

Chelan County PUD

Grant County PUD

Powerex Corp.

Public Service Company of Colorado

Puget Sound Energy

Salt River Project

Tacoma Power

Tri-State Generation and Transmission Association

Tucson Electric Power and UniSource Energy Services