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September 16, 2026

Regional Organization for Western Energy, Inc.
c/o Corporation Service Company
251 Little Falls Drive
Wilmington, DE 19808

Re: Northwest Requirements Utilities (NRU) support for improvements to the Extended Day Ahead Market (EDAM)

To the Regional Organization for Western Energy:

Northwest Requirements Utilities (NRU) is a regional trade association that represents about 60 small and rural Bonneville Power Administration (Bonneville) customers and one generation and transmission cooperative. Our member utilities serve load in eight states, purchasing all or most of their power supply under Load Following requirements contracts from Bonneville. All of NRU's members hold Network Integration Transmission Service (NITS) contracts with the agency, and several of them serve load inside balancing authority areas (BAAs) that have joined or plan to join the Extended Day-Ahead Market (EDAM). As Load Following, NITS customers of Bonneville, our members would not be direct market participants in a regional day ahead power market, but they would nevertheless see significant economic and reliability effects of regional market formation and Bonneville's potential market participation and so have a significant stake in whether and which market the Administrator chooses to join.

It is through this lens that NRU has participated in regional day ahead market formation discussions over the last several years; a market that works for Bonneville's Load Following, NITS customers is a market that works for Bonneville and for the region.

And it is through this same lens that NRU is taking this opportunity to provide its current perspective on Bonneville's participation in a day ahead market and Administrator Travis Kavulla's September 3 letter to the Regional Organization for Western Energy (ROWE).

Based on the record and the facts before us today, NRU continues to strongly support Bonneville joining the Southwest Power Pool's (SPP's) Markets+. This support is based on Markets+ superior governance and market design as compared to EDAM. Stated simply, Markets+ offers independent, stakeholder-driven governance and a market design that includes better market

power mitigation, congestion rent allocation, pricing mechanisms, greenhouse gas accounting, settlement structure, and resource adequacy requirements than EDAM.

At the same time, NRU supports improvements to EDAM. These include, but are not limited to, the improvements discussed in Administrator Kavulla's September 3 letter, and we appreciate that the Administrator's list is tied to specific actions on specified timelines rather than to intentions or aspirations as he reexamines the question of which market Bonneville will join.

NRU is represented on the ROWE Launch Committee and has participated in its formation through engagement in the Pathways Initiative. We raise this here to highlight that our support for improving EDAM is not necessarily new, and that many of the items we identify below as unresolved issues are ones that NRU has already raised elsewhere and that we will continue to work on at least through Bonneville's formal decision to join a day ahead market.

With that, NRU's comments on the prerequisites specified in the September 3rd letter follow, with the addition of greenhouse gas accounting mechanisms we believe merits further consideration and inclusion.

1. Independent Board Leadership and Federal Power Act (FPA) Section 205 Authority

NRU supports the requirement that a self-standing regulatory structure carrying FPA Section 205 filing rights be an essential feature of the ROWE Board's independence.

That said, we are concerned with the likely upcoming sequence of events. Under AB 825 the earliest lawful governance transfer date is January 1, 2028, and the transfer must be preceded by a California Independent System Operator (CAISO) board resolution finding each statutory requirement met as well as a separate California Public Utility Commission determination. Unfortunately, Bonneville's schedule would precede that by a fair margin: Provider of Choice contract amendments in early 2027, a WEIM exit on or about October 1, 2027 (with termination activities scheduled to commence by the Fall of 2026), a reliability coordinator transition, and the BP-29 rate proceeding. While the Administrator's letter suggests that not all of these items may be necessary, NRU submits that a foundational governance commitment that takes effect after the region's participation decisions are locked in is not one that our members would be comfortable accepting.

We therefore support an extremely clear articulation and regional understanding of Board independence and FPA Section 205 filing authority *prior* to Bonneville issuing a formal decision to join EDAM.

2. Workforce, Location, and Role Separation

Of the governance prerequisites, role separation is the area of greatest concern to NRU, largely because it speaks to how rules are applied rather than to how they are written. A market operator that carries a statutory obligation to only a subset of participants, and that also runs the

stakeholder process on behalf of the entity meant to govern it, will inevitably face judgment calls where those roles diverge. Bonneville made a similar point in its Day-Ahead Market Policy Record of Decision (ROD), finding that even under a regional organization the market would continue “to be operated by CAISO staff answerable to the CAISO Board of Governors, EDAM tariff provisions continuing to be intertwined with the CAISO tariff, and the CAISO remaining the contractual counterparty,” and identifying the regional organization’s “lack of independent oversight over market operations” and “the conflicts created by an integrated tariff” as unresolved.¹ NRU continues to agree, and supports the Administrator’s requirement that the CAISO Balancing Authority receive no preferential market treatment or information, and asks that the delineation be written into the CAISO-ROWE vendor contract as auditable obligations, with compliance and market monitoring reporting to ROWE rather than to CAISO.

The shared CAISO/ROWE tariff bears the same concern and supports the Administrator’s request for separation. The process for determining which entity holds authority over which sections of the tariff is still under development, and the sections most likely to fall into that gray area are the ones with the largest operational and financial consequences. NRU supports both the October 2026 board resolution and the mid-2028 FERC filing date targets that the Administrator identifies.

3. Stakeholder-Driven Governance

NRU supports this prerequisite without qualification and the sectoral voting element in particular. Our members are small. Individually, none of them can move a market design proposal. Sectoral voting is how consumer-owned utilities in this region have historically made their voices heard and moved the needle on regional policy, and we believe its absence is a large part of why several items in section 5 of the Administrator’s letter remain open after years of process.

4. Protecting Against Unilateral State Action

NRU supports the protections outlined in the Administrator’s letter. That said, they address only one of two areas of risk. Long termination notice, transfer of operator functions on default, and exit fees help address the risk that California acts against CAISO or ROWE as institutions, but they fail to reach the risk that California acts through its plenary authority over its own jurisdictional load-serving entities. Interestingly, Bonneville identified that potential hurdle in its ROD when evaluating SB 540 (AB 825’s predecessor), noting that the bill obligated California utilities to withdraw from EDAM if the CPUC determined that changes in market rules were detrimental to California consumers or to other California policy objectives; precisely the jurisdictional lever that reform of the market’s board does not reach.² AB 825 preserves that channel expressly, allowing the CPUC to order a California utility to withdraw on its own motion, and requiring CAISO to maintain the technical capability to operate the markets separately.

¹ [Bonneville Day-Ahead Markets Policy Record of Decision](#) (DAM ROD), Issue 16 at 60-63.

² DAM ROD, Issue 16 at 59-63.

Note that we raise this not to argue the prerequisite is unattainable, but because we recognize that no contract between ROWE and CAISO can fully address it. As such, NRU supports a more robust articulation of the jurisdictional question of unilateral state action, so that any conceptual agreement reached by the end of 2026 is not mistaken for a complete one.

In addition, NRU supports the provision of unilateral withdrawal rights from EDAM for Bonneville and other market participants, should any state exercise its jurisdiction to require utilities in that state to withdraw or take any action the reverses any of market independence granted by AB 825. This would ensure that Bonneville and other regional utilities are not left with the financial obligations of a hollow market in the wake of unilateral state action from California, nor are they bound to a market that does not uphold the existing and future progress made towards market independence.

5. A Platform for Reliable Investment

a. Resource adequacy. NRU supports making Western Resource Adequacy Program (WRAP) or an equivalently stringent resource adequacy program a binding condition of EDAM participation, with a strong preference for requiring that all loads in the market footprint participate in the same resource adequacy program.

We would prefer the term "binding" be interpreted as meaning a tariff obligation, not a commitment to develop one. EDAM currently does not require participation in any resource adequacy program, and several EDAM entities that had committed to WRAP have since exited, creating a seam inside the EDAM footprint as well as between the two markets. Bonneville's ROD was clear on this as well, noting that the EDAM approach places too much reliance on the real-time resource sufficiency evaluation, leaves no clear visibility into whether the footprint as a whole will have adequate resources in the planning horizon, and could continue to result in leaning.³ NRU continues to agree with this assertion, especially given the likelihood that any such leaning would be to the detriment of Bonneville and NRU's members. As such, we submit that a program that is optional for participants does not resolve the foundational concern that a market's reliability obligations fall unevenly on those who plan for them.

We are encouraged by the Administrator's recent assurance that Bonneville would remain in WRAP at least until EDAM develops an equivalent resource adequacy program and would support other WRAP participants doing the same.

b. Transmission and congestion revenue allocation. This is the item with the potential for the greatest direct impact to NRU members, and we support the Administrator's general framing of it, with two additions.

³ DAM ROD, Issue 21 at 80-83.

Regarding magnitude, one analysis of the January 2024 cold weather event found that rights holders on CAISO's share of the Southern Intertie captured \$125 million of the \$149 million in regional trade value exchanged that week, on a path where there is no physical point of ownership change that would produce congestion between its northern and southern sections. That analysis estimated the recurring annual impact of congestion allocation design at \$22 to \$66 million.⁴

With respect to scope, allocation must extend to network integration transmission service, including secondary network service used to serve load, directly and proportionally. Not only firm point-to-point rights, and not as an undistributed residual left to each transmission provider's discretion. EDAM allocates congestion revenue to the balancing area wherein the constraint sits and leaves distribution to that area's tariff, meaning both the market's policy and the host BAA's policy determine what a customer receives. Every NRU member is a NITS customer of Bonneville, and many depend on secondary service in hours when firm capacity is unavailable. A congestion regime our members pay into through locational prices but cannot reliably draw from is a one-way transfer in the wrong direction and is unacceptable.

Recently, NRU made these same points directly in comments filed in CAISO's EDAM congestion revenue allocation initiative. There, NRU supported the direction of Design Concept #3, with one important recommendation.⁵ We oppose the exclusion of conditional firm transmission service as a qualifying transmission product for congestion revenue eligibility and will continue to advocate strongly for its inclusion and qualification.

At a minimum, EDAM's design must state plainly that the entitlement and the revenue it produces follow the OATT rights holder; i.e., the load-serving utility that purchased and pays for the right, rather to the transmission provider that sold it, and that no affirmative action by the individual transmission customer is required to preserve an entitlement.

Finally, congestion revenue must be applied consistently across the market footprint, without regard for whether one of the impacted balancing authorities happens to be the CAISO BAA. Currently, revenue collected from congestion at the border between participating BAAs gets split evenly between two EDAM BAAs. In contrast, when that congestion is between an EDAM BAA and CAISO, the congestion is allocated 100% to whichever side binds, and only after CAISO determines which BAA included the binding constraint.

c. Reserves, price formation, and energy-limited resources. NRU supports the Administrator's principle that Bonneville's and others' determinations about the characteristics of energy- and

⁴ Public Power Council, [BPA's Day-Ahead Market Choice](#), Executive Summary (impact table), (Aug. 31, 2026), ("PPC Paper").

⁵ [NRU Comments](#), CAISO EDAM CRR Allocation, Phase 2, (Sept. 2026).

duration-limited resources (i.e., their operational constraints and their opportunity costs) must be respected, and that a market should not be more restrictive of trading opportunities than the bilateral *status quo ante* it replaces. And, while we agree that this is the right lens through which to view the problem statement, we would add that the design element which decides whether that principle holds is *market power mitigation*, which we were surprised to find absent from the Administrator's list of considerations.

EDAM currently carries forward CAISO's mitigation approach. A preferred alternative is the Markets+ conduct-and-impact test, which we recommend EDAM adopt as a prerequisite. Mitigation should apply only where an offer departs materially from its reference level and materially affects price, and the hydro reference level should carry a seasonal storage adjustment similar to the one that SPP's market monitor built into its offer curve.

6. Greenhouse Gas Accounting and Attribution

This is the subject the Administrator's letter does not address, but one that EDAM must improve. It was raised extensively throughout Bonneville's day-ahead market public process and has the potential to significantly impact NRU members' compliance obligations. Currently, we hold two distinct concerns:

Certainty of attribution for contracted supply. EDAM's committed capacity feature allows contracted supply to be prioritized for attribution in the integrated forward market but permits that supply to be dispatched without being attributed to the greenhouse gas regulation area. The consequence is that in exactly the high-load, high-price hours when attribution matters most, contracted federal supply may clear without carrying its attributes into the regulation area.

Certainty of attribution is important to Bonneville's customers as well, as reflected in the negotiated language comprising Exhibit H of the Provider of Choice contract. Exhibit H conveys environmental attributes annually and in arrears: Bonneville calculates REC inventories by Attribute Pool each April 15 for the prior calendar year, and a customer's share is its pro rata portion of the megawatt-hours it actually purchased. Which, though certainly a reasonable manner in which to allocate the attributes of a system mix, isn't the hourly, delivery-linked attribution many state programs look for when it asks which resource served regulated load in a given hour. Bonneville recognized this discrepancy in Exhibit D section 5.7, which provides that a customer retains the Environmental Attributes of its Committed Power Purchase Amounts used in a Market Exchange, and then adds: "However, if a state or other jurisdictional program does not allow for such accounting, then «Customer Name» shall ensure that the underlying physical resources of the Committed Power Purchase Amount used in a Market Exchange has an emissions factor that is no higher than BPA's asset-controlling supplier emissions factor for the applicable year."⁶ As a result, the contract anticipates that a state program may decline the

⁶ [PoC Load Following Template](#), Exhibit H §§ 3.3 and 4; Exhibit D § 5.7.

accounting and assigns the consequence to the customer. However, a market design that makes attribution certain is preferable, and perhaps more importantly, would keep that clause from being tested.

Price formation for attributed energy. The second problem is how the greenhouse gas price itself is set. EDAM currently sets it as the shadow price of an attribution constraint satisfied by resources willing to accept a compliance obligation in exchange for the payment, bounded by a reference pass and a net-export cap but without any requirement to demonstrate delivery. Where the pool of resources willing to be attributed is deep relative to the regulated area's net imports, that price clears at or near zero regardless of which resources actually increased output to serve those imports. One analysis finds this is how the WEIM has produced marginal greenhouse gas prices below a combined-cycle emissions rate in hours when the exporting balancing areas were running coal and gas, and estimates the resulting under compensation of Bonneville's clean surplus at \$2 to \$25 million a year.⁷ The alternative is verification; a specified-source import nominated in advance with an identified resource, an emissions rate, a validated delivery path, and dispatch in tandem with the import, so that the price can fall below the unspecified emissions rate only when a deliverable clean resource is demonstrably on the margin.

To get there, NRU recommends the addition of a sixth prerequisite: a binding attribution election for forward-contracted supply and a verified-delivery requirement sufficient that the greenhouse gas price reflects the compliance cost of the resource actually serving the regulated area at the margin. AB 825 requires the regional organization to maintain protocols adequate for compliance with California's program. It says nothing about attribution certainty for out-of-state contracted supply, and nothing about Washington's program. And the potential difficulty in establishing protocols adequate for non-California compliance in the future is precisely why this needs to be considered a prerequisite now.

Conclusion

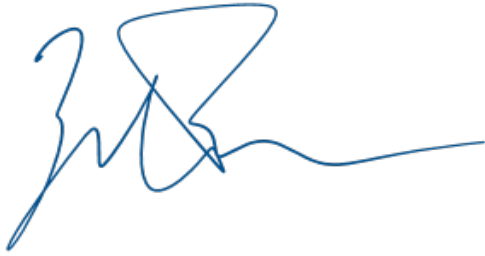
NRU continues to support Bonneville joining SPP's Markets+. At the same time, we support the improvements to EDAM that Administrator Kavulla spelled out in his September 3 letter and as we have expanded upon in this letter. Importantly, we do not read these positions as in tension; nearly every prerequisite discussed here and in the Administrator's letter describes a feature Markets+ already carries in a FERC-approved tariff.

And make no mistake, if the Administrator ultimately decides to have Bonneville join EDAM without us seeing adequate improvement to that market and the Administrator showing that is a defensible decision, then NRU will not hesitate to challenge Bonneville's action and continue our support for Markets+ in the Ninth Circuit Court of Appeals.

⁷ PPC Paper, Greenhouse Gas Design at 49-52.

The improvements we are working for are improvements our members need, and we look forward to working with the ROWE, Bonneville, and other stakeholders to see what we can accomplish. Again, a day ahead market that works for Bonneville's small and rural Load Following, NITS customers is a market that will work for Bonneville and for the region.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Zabya Towner', with a long horizontal flourish extending to the right.

Zabya Towner
Executive Director
Northwest Requirements Utilities

cc: Travis Kavulla, Administrator and CEO, Bonneville Power Administration