

Bonneville Power Administration Comments on the Regional Organization for Western Energy Proposed Resource Adequacy Program Design

October 1, 2026

Introduction: Why ‘Resource Adequacy’?

Bonneville Power Administration (Bonneville) appreciates the opportunity to provide comments on the Regional Organization for Western Energy’s (ROWE) proposed Resource Adequacy (RA) program conceptual design. Bonneville continues to support proactive regional collaboration to ensure system reliability across the Western Interconnection. Bonneville plans to hold its own workshop on RA on October 30, 2026 and the viewpoints expressed below should be interpreted not as an absolute position of Bonneville in every single respect, but as a sense of Bonneville’s thinking on this important matter. At the same time, we offer a number of provisional details in order to help form ROWE’s thinking on this critical issue.

The goal of any RA program is to provide for a planning standard, usually employed by and enforceable upon each entity that serves load, that clearly signals the need to construct or acquire resources that will provide adequate energy during times of scarcity or grid stress. Due to the existing regional trading patterns of the West, any RA program that a State or regional entity may devise must be cognizant of conditions that exist for loads and resources beyond their borders. While it is possible that multiple RA programs within a single trading region may produce both a reliable result, that multiplicity introduces more complexity and places at risk a more efficient outcome. Therefore, Bonneville supports the ROWE RA initiative and hopes that the end goal is one where as many parties can subscribe to as uniform an RA standard as possible and, more importantly, build or buy to meet their expected loads in view of a variety of known risks to adequate supply.

Bonneville also recognizes the prerogatives that States and certain others enjoy under federal law to take a primary role in RA. Bonneville proposes that any design by ROWE reconcile this feature of law by having both an RA program and a comparability standard that ensures diverse RA programs are mutually intelligible and, ultimately, have any capacity resources accredited under them operationalized in the day-ahead energy markets in a cogent way.

Consistent with these views, Bonneville views a durable ROWE RA program as one that contains several core design elements:

- All Load Serving Entities (LSEs) of the Extended Day-Ahead Market (EDAM) should be required to participate in a RA program that the ROWE itself establishes or otherwise approves as comparable with standards that it establishes;
- RA programs should be measured against standards that the ROWE establishes for EDAM to ensure consistency across programs. This yardstick respects the right of States under the Federal Power Act, as well as entities such as Bonneville under its own statutes, to design and participate in RA programs to which dependent LSEs are subject;
- The RA program that the EDAM Entities themselves contemplate as being an EDAM-led program should be a model for EDAM participation and, ultimately, one in which a broad number of LSEs are willing to participate in. Bonneville observes that WRAP is a viable candidate to fill this role, subject to modifications that the ROWE and WRAP's governing body may negotiate;
- If comparable RA standards and requirements are assured between LSEs as a precondition of market participation, then the extant Resource Sufficiency test will have little if any incremental value. No other market has such a test. As the SPP Market Monitor has observed in the context of a similar proposal for SPP's RTO-West, this design creates a restraint on trade and can in fact impair energy price formation that should necessarily align with reliable operations.
- In terms of how capacity should be operationalized within the market, the design of EDAM should follow the principles established elsewhere, by obliging any resource that has been furnished as capacity to meet RA requirements to make an energy offer in EDAM. The rules under which these energy offers are made should, in turn, be the province of the tariffed market design under which EDAM operates. Together with penalties (which may simply be the requirement to buy out undelivered energy from these resources at its real-time price), this day-ahead offer obligation alone should satisfy and discharge the operational obligations of RA as it pertains to the energy markets. This design creates a clean separation between the respective responsibilities of the regulatory authorities like States and Bonneville who are principally responsible for RA (as well as ROWE acting in its capacity as governor of a potentially self-standing RA program), and the ROWE in its duties for the regional energy market which should be co-optimized regardless of the RA program to which any individual resource or load is obliged.

With that overarching philosophy of RA in mind, the following comments reflect features that Bonneville regards as important for an EDAM-based RA program that LSEs themselves may, at their option, participate in or which otherwise serves as a yardstick for the measure of comparability and, thus, market access under the design contemplated above. Bonneville offers

these comments constructively and requests that the ROWE provide clarity and analytical support as it progresses towards the outlined November draft RA proposal.

Clear and Enforceable Penalties

Bonneville has concerns about the currently discussed ROWE RA framework, which prioritizes voluntary participation. More clarity is needed on theoretical “natural market consequences” that are alluded to. Obligations for capacity resources to offer energy in the day-ahead market will naturally create a feedback loop of financial consequences for resources that are committed day-ahead but then become unavailable. Bonneville wishes to understand whether this is what is intended by “natural market consequences.”

In Bonneville’s preliminary view, this could be problematic unless energy price formation includes strong and consistently expressed price signals associated with diminishing operating reserves when a region approaches an operable capacity shortfall. Despite many projections that the region is or will be resource inadequate, the forward energy curves in the West likely do not support new RA on their own, although this is something the ROWE RA framework should systematically track and quantify, as it tracks other metrics around RA needs and compliance.

In typical RA market design, an RA penalty charge usually is tied to the net cost of new entry (net CONE), which incorporates energy and ancillary services priced during scarcity intervals. One approach to RA would be a residual penalty associated with net CONE would apply to entities that are not compliant with a forward showing rule. The proceeds of such penalties might go to overperforming entities or to offset the costs of RA acquisitions by non-compliant entities. For States that are concerned about a usurpation of their RA prerogatives but nevertheless wish new resources to be built, such penalty revenues could act as customer-contributed capital for ratemaking purposes.

Bonneville recommends that ROWE and its attendant parties concerned about RA to do the math on this issue, and present a concrete plan to establish a definitive non-compliance charge matrix. This matrix should define deficiency charge structures, escalation factors for repeat violations, and transparent settlement mechanisms that disburse penalty revenues to compliant entities or otherwise invest these funds into bolstering RA recognized capacity within the footprint. Additionally, Bonneville recommends the plan describe how failures in annual submittal, and Forward Showing transition across different time horizons (e.g. Forward Showing into MOO) would be treated.

Bonneville considers an enforceable compliance framework essential to being included in the draft program design. An effective RA program should not socialize the costs of deficient planning

across an interconnected grid. The benefits of regional integration require accountability for non-performance.

Forward Showing Capacity

Bonneville recommends establishing robust forward-showing timelines. Although Day-Ahead Market options in the West are not directly analogous to an RTO, an effective RA framework must integrate market mechanisms with binding compliance obligations established well in advance of the operating day. In RTOs with a capacity clearing function, shortfalls are systematically cured by exposure to the spot price of the capacity auction. Here, no such market exists, which suggests a longer and more iterative timeline to ensure resources are planned, constructed, and available.

Bonneville is concerned that an annual 90% showing without a significant compliance obligation is not adequate support for the short-term forward showing as currently proposed.

Bonneville requests that ROWE provide the rationale for its proposed forward showing design and explain how that design will achieve the core goals of the RA program (ensuring that participants are planning and bringing capacity to meet load across a variety of scenarios).

Footprint-Wide Forecasts and Planning Reserve Margin Allocation

The RA work to date appears to suggest that a 50th-percentile (P50) threshold for load forecasting around a single, coincident footprint-wide peak hour be used as the allocative factor for capacity needs. This does not account for geographic load diversity and transmission constraints across the footprint. Such a metric could increase reliability risk and create inappropriate cost shifts, although Bonneville agrees that is a simple and transparent metric that would obviate confusion from more complex measures.

While coincident peak calculations account for regional load diversity, allocating PRM obligations strictly based on an entity's load during a single peak hour for the entire market footprint may result in subsidization of entities with higher net load volatility, due to seasonal weather or intrinsic intraday volatility, by entities with more stable and predictable load shapes.

Bonneville requests that ROWE perform and publish sensitivity analyses evaluating how individual participant load volatility impacts a single-footprint coincident peak model. These studies should determine the required PRM at the coincident peak hour and explicitly detail how load diversity across the top X% peak hours affects each participant's allocated peak load, or if using a multiple hour approach would better represent loads. Additionally, the ROWE should explain how transmission constraints and deliverability limitations are factored into the proposed approach.

Resource Accreditation

Bonneville would like consideration of resource accreditation standards and metrics that account for both overall firmness and time-based volatility when various types of resources are included in resource adequacy. There is an inherent difference in fully dispatchable resources and variable resources for weather-based firmness as well as daily conditions such as solar availability in daylight vs. night hours. Assuming a percentile of accreditation that might be unrealistically high for certain resource types may result in a false confidence in resource adequacy in critical hours.

Bonneville requests additional analysis on historical and implied resource availability during peak net load or scarcity events, whether due to lack of resources or weather-based events. Careful consideration and conservative accreditation standards will be important to account for risk around resource adequacy portfolios and provide greater assurance that energy on paper can be reliably generated and delivered when needed the most.

Deliverability

The ROWE RA program in the EDAM footprint must reasonably assure of the deliverability of all relevant capacity. As Bonneville noted in Administrator Kavulla's Sept. 3, 2026 letter, and as all parties in the West at least implicitly recognize, the transmission grid that Bonneville and others have constructed to create existing regional resource adequacy must somehow be acknowledged and paid for. Several possible avenues exist to address this.

First, Bonneville recommends evaluating whether participants may use unspecified capacity market purchases to meet forward-showing requirements at the proposed timeframes. While the market provides natural incentives to maintain firm supply because of congestion price risk arising from different clearing prices to which diverse loads and resources are exposed, resource-specific contracts offer stronger assurance of deliverability.

Second, Bonneville supports addressing firm (including conditional firm) versus non-firm transmission requirements for RA compliance, recognizing the scarcity of long-term firm transmission in the West and the need to manage curtailment risk and scheduling priority at both the footprint and Balancing Authority levels.

Third, as in other RA market designs, transparent consideration of transmission constraints in zonal modeling is important to reasonably assure deliverability. Resources in the same zone as loads have a higher likelihood of being delivered than those requiring multiple transmission legs.

Bonneville requests further information on how the ROWE RA program plans to promote a reasonable assurance of deliverability in its RA program and in EDAM, through a compliance structure that incentivizes both LSEs and producers to ensure energy is available when needed, has a verified path to delivery, and accounts for these potential constraints in its modeling.

ROWE RA Governance and Participant-Led Decision-Making

In his Sept. 3, 2026 letter, Administrator Kavulla outlined foundational governance prerequisites essential for Bonneville's confidence in this market construct. While broad stakeholder engagement is valuable, final decision rights on program rules, compliance metrics, and tariff revisions must remain with the ROWE's regionally governed and independent board. (As noted above, State authorities and other regional entities lawfully empowered to establish their own RA programs have a separate source of authority to establish such designs, but these ultimately should be assessed for their comparability as a precondition for market participation.)

Bonneville requests clarification on how the proposed governance model aligns with the principles of independent governance and vendor separation from the September 3 letter.

Conclusion

Bonneville appreciates both the opportunity to comment on the ROWE RA initiative to date and the effort that has gone into hosting the ROWE RA workshops and developing supporting materials.

Bonneville will continue to work collaboratively with ROWE, Western utilities, State regulators, and regional stakeholders to build a high-integrity reliability structure to serve as the foundation for EDAM. Bonneville looks forward to continuing this dialogue and reviewing ROWE's response and technical analyses in subsequent program design iterations.

Appendix A: Statement of Principles from Bonneville's Letter to the Regional Organization for Western Energy

Letter Date: September 3, 2026

The letter, in its entirety, can be found [here](#)

The following "Statement of Principles" can be found on page 8 of the letter.

Statement of Principles

I. A Western Market that is Independent of its Vendor for Market Services

- ***Independent Governance:*** The market shall be governed by an independent Board of Directors, selected by a diverse regional nominating committee.
- ***Autonomous Capabilities:*** ROWE shall maintain independent executive leadership, legal counsel, regulatory affairs, policy design, market monitoring, and compliance auditing staff, supported by adequate financial reserves, to manage its vendor relationship with CAISO.
- ***Role Separation:*** The roles of CAISO as a Balancing Authority and CAISO as a market services vendor shall be clearly delineated; market-based tools and information available to the CAISO Balancing Authority shall be available to other participating balancing authorities. The ROWE Board must include this obligation in any vendor services contract between the ROWE and CAISO.
- ***Neutral Footprint:*** ROWE shall establish its headquarters outside of California through the work of a selection committee that includes multistate utilities such as Bonneville.

II. Stakeholder-Driven Governance

- ***Sectoral Voting:*** Stakeholders organized in a sectoral voting framework should be able to originate and develop market policies before their adoption by an independent Board. The sectors should be organized in a manner that prevents undue dominance by any single region, utility type, or interest group.

- **Information Firewall:** Strict ethical and operational firewalls shall prevent conflicts of interest between CAISO service-provider staff and ROWE policy-making personnel.

III. **Market Stability and Regulatory Durability**

- **Bilateral Protections & Structured Exit:** Service contracts shall feature robust provisions to prevent sudden market disruption in the event that CAISO becomes unavailable to act as a vendor as a result of unilateral state or CAISO Board action.
- **Independent Tariff Authority:** ROWE shall maintain filing rights over the regional market, and its governance should be reflected in a self-standing FERC tariff, which eventually evolves into a separate tariff that contains and separates the terms of the regional market from the CAISO tariff.

IV. **Infrastructure Investment, Resource Reliability, and Market Design**

- **Value-Driven Grid Expansion:** The market shall incentivize transmission expansion through transparent congestion management, clear cost-allocation policies, and equitable allocation of transmission rights.
- **Price Formation:** Market rules must accurately value the seasonal flexibility of the regional hydroelectric fleet through market design components and should allow market participants who offer those resources due respect for their judgments about their opportunity costs and operational constraints.
- **Resource Adequacy:** The market shall establish a resource adequacy program, or rely upon WRAP, to assure adequate operational capacity within the EDAM marketplace.