

Puget Sound Energy
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August 22, 2024

The Honorable Patty Murray
United States Senate
154 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Maria Cantwell
United States Senate
511 Hart Senate Office Building
Washington, D.C. 20510

Dear Senators Murray and Cantwell:

Puget Sound Energy (PSE) thanks you for your leadership and your history of support for energy policies that improve the reliability, affordability, and sustainability of the electric grid in the Pacific Northwest. The challenges facing our transforming region are many, from resource adequacy and transmission constraints, to the pace of innovation and cost of transition; which is why we write you concerning the state of day-ahead market development in the region. Your support for transformative legislation such as the Bipartisan Infrastructure Law and the Inflation Reduction Act and your leadership on such regionally-critical issues as the Columbia River Treaty have helped utilities like ours make meaningful progress to meet the ambitious milestones set in Washington's 2019 Clean Energy Transformation Act (CETA). We must maintain that progress and urge the Bonneville Power Administration (BPA) to move expeditiously in their market selection decision to ensure that ratepayers in the Pacific Northwest are best positioned to benefit from a day-ahead market as soon as possible.

PSE provides electric power service to approximately 1.2 million customers in Washington, and we are focused on meeting our customers' expectations and the ambitious targets of CETA in an efficient, cost-conscious way. This guiding principle has informed our engagement in day-ahead market discussions since day one. To that end, PSE urges your consideration of the following:

- PSE's study results shared with the Washington Utilities and Transportation Commission indicate that our utility would experience reduced costs to serve our customer load in the both markets, however, PSE sees greater benefits in joining the Southwest Power Pool's (SPP) Markets+ structure. PSE's results would be directly impacted by BPA's market decision. PSE continues to perform analysis of the competing market structures and benefits to refine our decision-making process and we understand BPA is doing the same.
- Additionally, we agree that the presence of competition between two day-ahead markets is proving beneficial for participants. PSE believes that a co-existence of dual-market interests in the region could preserve competition and continue to improve benefits for parties out into the future, including to inform discussions around governance.
- BPA's decision whether and which day-ahead market to join will have important implications for Washington ratepayers; and their decision may inform the decision of other utilities in the region. PSE does not believe that BPA should unduly delay its decision as delaying market decisions will have the consequence of delaying real economic benefits to customers across the region. If BPA concludes with its customers input that participation in one market is clearly

better from a reliability, efficiency and economic perspective, then PSE would urge deliberate movement by BPA toward the market which provides the greatest overall benefit.

- Independent governance is critical to ensure that costs and other benefits of participation in either of the day-ahead markets are equitably and fairly distributed in ongoing market design and operational decisions. We urge your careful attention to these details to ensure Washington's consumers realize the promise of a day-ahead market.

The decision before BPA of whether and where to go is a pivotal choice in our region, and it is a decision that BPA will not make lightly. PSE expects BPA's decision to be transparent, well-documented, and decisive. We also need the selection of a market to be expeditious so that we can move forward as a region and PSE can continue our progress toward an increasingly cleaner, and reliable, electric service in Washington. We thank you for your engagement in this important matter.

Sincerely,



Josh Jacobs
Vice President, Clean Energy Strategy & Planning
Puget Sound Energy

Cc: U.S. Senator Ron Wyden
U.S. Senator Jeff Merkley
John Hairston, Administrator, Bonneville Power Administration