



January 12, 2024

WWGPI Structural Options Comments

Seattle City Light (City Light) appreciates the opportunity to comment on the Initial Evaluation Framework for Pathways Options whitepaper and supports the overall objective of establishing independent oversight over the Day Ahead and Real Time Markets. The progress the Pathways Initiative has made, led by the Launch Committee, in such a short span of time is impressive and encouraging. The Initial Evaluation Framework for Pathways Options whitepaper detailing the criteria, structural options, legal and operational questions gives stakeholders enough content to react to and provide feedback on in order to continue moving the work forward. The Launch Committee proposed 7 questions seeking stakeholder input and City Light's responses are below.

Stakeholder questions:

1. *Do the proposed evaluation criteria support a constructive and thorough assessment of the options?*

The seven criteria identified allow for a thorough lens through which to evaluate the proposed structural options. The criteria are broad enough that they encompass all the critical foundational elements needed for an initial functional, independent market with the ability to grow into a future RTO, should that be desired.

A potential addition for consideration would be expanding Criteria 7 to include the timeline **and process** of implementation to promote broad market participation. Including the implementation process in this criteria helps keep a view towards functionality. If the design is strong but the implementation process is arduous or overly burdensome (financially, technically, administratively) for a subset of entities, it is possible parties may struggle or be deterred from joining. With broad participation as the goal, keeping an eye on ease or factors that may impact different entities' ability to implement each option will help ensure that the theoretical structures translate into real life operational viability.

2. *Are the bookends reasonably defined to set the boundaries for a timely, productive exploration of available structural alternatives to governing autonomy?*

Yes, the bookends of status quo and an abrupt transition to an RTO provide sufficient scoping of options under consideration. The five options narrow the scope but give enough room to consider needed elements without being overly restrictive or overly broad. While the options presented restrict the field enough that stakeholders ought to be able to swiftly decide on a general path forward in the near future, City Light supports including an additional Option 0.5 as an interim step, as suggested by NV Energy. The inclusion of this additional option will allow for enough flexibility and optionality for stakeholders to chart a viable path forward at a high level, and the details that roll up under each option can continue to be flushed out as the initiative progresses.

3. *Do additional options not encompassed above, but within the bookends, warrant exploration?*

The options presented within the bookends encompass a sufficient number of permutations to meet a broad range of stakeholders needs that can serve as launch point for conversations to hone in on the most viable option for the west. In addition to the 5 options offered, City Light would like to echo support for a possible interim step as suggested by NV Energy, of an Option 0.5: Delegate Sole Authority Over Market Initiatives to the EIM Governing Body, where the EIM Governing Body would have sole authority over initiatives related to the day

ahead and real time markets. Under this option, once the EIM Governing Body authorized a filing, the CAISO Staff would proceed with the Section 205 submission at FERC.

NV Energy highlights the potential importance of the initiative's ability to pursue a proposal that can be implemented under existing California law using the existing EIM Governing Body structure. For entities needing to make decisions about market participation in 2024, being able to act on at least an interim step towards independent governance may be an important factor in the decision-making process, as well as a factor for state commissions in approving market decisions. Given that the potential creation of a new entity will undoubtedly require significant time and resources, considering an option that would enable an achievable step in the near future, seems prudent. An interim step would also allow stakeholders to be able to take the time required to design a durable viable structure for independent governance, anticipating that this could be a years long process.

NV Energy further cites that an initial step would build upon the following elements: (1) *the existing regional support and appreciation for the work and expertise of the independent EIM Governing Body members*; (2) *the demonstrated EIM Governing Body selection process*; (3) *the current EIM Governing Body funding mechanism through the CAISO's grid management charge*; (4) *the access of the EIM Governing Body to an independent market advisor, currently Dr. Susan Pope of FTI Consulting*; (5) *the relationship of the EIM Governing Body to the existing CAISO stakeholder process and Regional Issues Forum*; and (5) *the established state committee and funding structure*. City Light agrees that leveraging these valuable existing attributes and framework could smooth the path towards a governance change. If upon legal review or throughout the stakeholder process another permutation develops and garners strong stakeholder support, City Light would support the initiative then including it at that time as appropriate.

4. *Should other aspects of the new structure not identified in the comparison matrix in Appendix B of the Scoping Paper be addressed within each option?*

City Light recommends adding in a line to the matrix to capture and clarify who is performing the planning functions (transmission planning, gen interconnection, BAA functions, etc.) for each option. Being able to have a quick snapshot of who retains these functions may be helpful for stakeholders in digesting this information.

5. *Are there additional threshold or high priority legal questions that should be addressed?*

The legal questions posed appear to cover a comprehensive set of inquiries to be able to assess the viability of the options being considered.

6. *Are there additional operational questions that should be addressed or prioritized?*

The list of operational questions seems comprehensive, but given the length, prioritization of the existing questions would likely be helpful. City Light suggests prioritizing the following two areas: defining the services and functions in each option then assessing the ability and level of difficulty in transferring those services, from a tariff changes perspective and a staffing perspective. Before doing this additional analysis for each option and in conjunction with the legal analysis, it could be helpful to assess if there any options that can be eliminated in order to most efficiently focus resources on those with the strongest support.

7. *Are there additional issues or categories of issues that should be considered?*

If entities with certain RTO mandates or other elements that would need to be in place for a market decision such as services offered, timing milestones, or critical elements hopefully those will come out in stakeholder comments.



City Light does not have any of these requirements at the moment but is sensitive to other entity needs who may be in different positions.

Conclusion

City Light appreciates the opportunity to provide feedback on the Initial Evaluation Framework for Pathways Options whitepaper and for all of the work that the Pathways committees and stakeholders have and continue to dedicate to moving this initiative forward and achieving independent governance in the west.