

January 12, 2024

West Wide Pathways Initiative
Comments@WestWidePathwaysInitiative.org
Attn: Carl Linvill

Re: Powerex Comments on Initial Options Evaluation Framework

To West Wide Governance Pathways Initiative members:

At the Pacific Northwest Utilities Conference Committee (PNUCC) meeting in early January 2024, the West Wide Governance Pathways Initiative (Pathways Initiative) committee members presented on the Structural Options proposal that is currently under consideration by the Launch Committee. At that time, meeting participants were encouraged to submit comments on the Pathways Initiative proposal.

Although Powerex has announced its intent to join Southwest Power Pool's Market+, we are submitting these comments in support of efforts to improve the CAISO's governance structure. Any such improvements can provide benefits throughout the western region, including to participants in adjacent organized markets.

Powerex believes that selecting and empowering a new fully independent Board with authority over all aspects of the multi-state EDAM and Western Energy Imbalance Market (EIM) is critical to enhancing the CAISO's governance framework. Powerex supports the Pathways Initiative's pursuit of this outcome. At the same time, as further described below, Powerex encourages the Launch Committee to consider exploring additional steps that will be required to achieve a truly impartial and independent market design that appropriately balances the diverse interests of the West.

First, Powerex suggests that the Pathways Initiative adopt robust stakeholder-driven decision-making for the development of, and revisions to, market design proposals. Extensive stakeholder involvement and voting rights are hallmarks of the inclusive and independent governance models of both the Western Resource Adequacy Program (WRAP) and Markets+. Powerex believes that such a change could be implemented immediately, ahead of improvements at the board level.

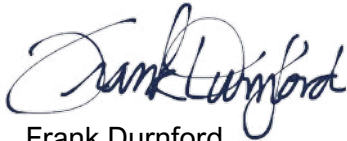
Second, Powerex believes that establishing an initial market design under a governance framework that includes an independent board and extensive stakeholder voting rights is critical to achieving an impartial, balanced market design. Powerex understands that the current Pathways Initiative proposes to start with the existing EDAM/EIM market design, which does not meet this criterion (as it was developed under the CAISO's existing governance framework that lacks an independent board and utilizes a staff-led development process).

In contrast, the Markets+ design and tariff drafting process avoided porting over a market design that was developed under a different governance framework. This work is now largely complete, with the process taking only 12-18 months. The Pathways Initiative should consider adopting a similar timeline to review and potentially revise all material elements of the EDAM/EIM market design and tariff once a new independent board is instituted and empowered and a stakeholder-led market development process is put in place.

Third, the Pathways Initiative should explore the potential for CAISO and the California Public Utilities Commission (CPUC) to adopt core elements of the WRAP program into California's Resource Adequacy program. This would help ensure all participants in EDAM/EIM are meeting comparable resource adequacy requirements ahead of market operations, consistent with the approach adopted for Markets+ and would avoid the risks and inefficiency of continuing to do it individually.

Powerex believes these three additional improvements, if adopted, would help the initiative truly achieve a market design and market outcomes that balance the diverse interests of the broader western region. Without these additional changes, the Pathways Initiative may achieve some material and beneficial, but limited, improvements to the market design of the EDAM/EIM platform over time.

Sincerely,

A handwritten signature in blue ink, appearing to read "Frank Durnford".

Frank Durnford
Executive Director, Market Policy