

May 8, 2024

**RE: PSE comments on the West-Wide Governance Pathways Initiative April 10, 2024  
Straw Proposal**

Puget Sound Energy (PSE) acknowledges the considerable work done by the launch committee to develop this straw proposal and the committee's preliminary identification of legal risks around a long-term governance transition for California and the west. Because time is of the essence for PSE to advance its clean energy transformation, maintain reliability and affordability, and minimize exposure to reduced bilateral liquidity, PSE is devoting significant resources to the stakeholder processes for the fully developed market proposals before us today – CAISO's Extended Day-Ahead Market (EDAM) and the Southwest Power Pool's Markets+ - with their respective governance frameworks.

PSE's standard for independence, at minimum, requires a market that offers comparable influence for all states participating in the footprint. As the launch committee acknowledges in its stakeholder guidance, Step 1 does not offer comparable influence for all states participating in the Western Energy Imbalance Market (WEIM) or EDAM, but may be seen as a step toward potential future independence. The independence concerns PSE has with the existing WEIM or EDAM governance are not resolved in the Step 1 proposal. The relationship between CAISO and the regional organization proposed in Step 1 has the potential to continue to subordinate the interests of the Pacific Northwest and the broader West below the interests of California retail load and may be particularly problematic during times of scarcity or strained grid conditions. In addition, Step 1 introduces new concerns about the Step 1 trigger, uncertainty regarding what constitutes exigent circumstances, and significant modifications to the WEIM Governing Body charter for which there has not been broad and public regional stakeholder discussion. PSE encourages continued efforts by the Pathways team to increase transparency through making all meetings public and publishing all shared information in written materials.

PSE will continue to thoughtfully monitor the Pathways Initiative and the development of Step 1 and appreciates the opportunity to comment on the April 10, 2024 Straw Proposal.