



May 8, 2024

To: West-Wide Governance Pathways Initiative Launch Committee

As representatives from a broad and diverse coalition of stakeholders deeply involved in the development and operation of Western energy markets, we write to you to express our support for the straw proposal you released for stakeholder comment on April 10.

We commend the Launch Committee for the collaborative process, creativity, sustained momentum, and urgency that this proposal represents. The proposal builds on models for

success in the West, involving incremental additions to markets, voluntary market participation, and evolution of governance structures. We particularly support the elements of the proposal that buttress the underlying goals articulated by Western state utility regulators in their July 2023 letter¹ calling for the creation of the initiative:

- A common commitment to see maximum benefits that can be delivered by a West-wide market footprint, inclusive of California;
- An innovative solution to a regional electricity market development barrier in the West, involving the critical separation of balancing authority functions from market functions within the California Independent System Operator (CAISO);
- Avoidance of duplicating costs and deterioration of resource benefits by utilizing the established infrastructure and systems of the CAISO; and
- Eventual assumption of the Extended Day Ahead Market (EDAM) and Energy Imbalance Market (EIM) services, with the potential for a greater range of services.

We share the states regulators' "vision of maximizing the benefits of organized wholesale electricity markets for customers in the West, ... to maintain and build upon the proven benefits of EIM, and the promised benefits of EDAM, and to move the entire West, including California, to a unified market that delivers the well-documented benefits ... and to realize a viable alternative to having a fractured Western market."

We strongly support the proposed incremental Step 1 to shift governance from the current joint authority model to the proposed primary authority model, which is a significant step in and of itself, to further independent decision making on market matters. We urge the Launch Committee to dig deeper into its Step 2 deliberations, which are foundational to the concepts put forth by the states and hold the promise of establishing an organization that can deliver on the services requested by stakeholders and the states as Western markets continue to evolve. This includes finding the right balance between increased independent governance and minimized cost impacts to the operation of the markets.

By keeping CAISO intact and preserving its balancing authority responsibilities, this proposal can ensure the continuation of services that are specific to California while also enabling greater regional market integration under a new organization with an independent governance structure. We also applaud the Launch Committee for respecting individual state policies while continuing to ensure that these efforts provide an eventual pathway to greater market integration, coordination, and resource sharing across a broad geographic area.

We recognize the immense challenge and value of coordination, transparency, and maintaining shared goals across the diverse set of stakeholders represented on the Launch Committee as a solution is developed that can work for the diverse perspectives and interests across the West. We thank you for the hard work and focus you are bringing to the Pathways discussions and for your commitment to a more affordable, reliable, and sustainable energy landscape for the West.

¹ <https://www.westernenergyboard.org/wp-content/uploads/Letter-to-CREPC-WIEB-Regulators-Call-for-West-Wide-Market-Solution-7-14-23-1.pdf>

Signed,

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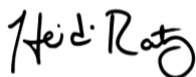
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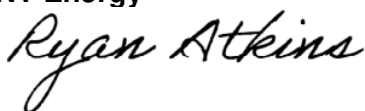
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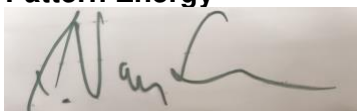
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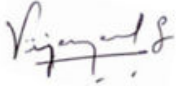
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