West-Wide Governance Pathways Initiative

Stakeholder Comment Template: CAISO Issues and Tariff Analysis

The Launch Committee has identified several specific areas that would be valuable to receive input to help refine this area of the Step 2 Proposal. All feedback is welcome, but responses to the following questions would be particularly helpful:

CAISO Issues

Salt River Project Agricultural Improvement and Power District (SRP) appreciates the opportunity to provide comments to the Pathways Initiative. Understanding the concerns raised regarding upfront costs and other considerations, SRP could support Option 2. However, because the goal of this group is to pursue as much of an independent structure as possible, SRP would encourage the group to pursue Option 2.5 at minimum. SRP continues to prioritize the following factors when evaluating the governance model in any new regional market in which it contemplates participation:

1. Independence / transparency;
2. public power participation;
3. local resource decision-making; and
4. utility input on grid operations.

SRP and other entities need to see a strong independent institutional governance established to feel comfortable participating within a market.

Tariff Analysis

SRP supports further examination of utilizing the "impact" test in addition to the "applies to" test for determining authority over a given issue. To date, several issues which impact the EIM and Extended Day-Ahead Market have been the sole purview of the CAISO Board of Governors because it failed the "applies to" test. Including the "impact" test allows market participants to have a say over matters that will impact market design and viability and, in turn, impact market participants, including costs that could be passed through to non-CAISO BA participants.

SRP would like to emphasize that the RO's Sole Authority and independence would be illusory if the CAISO has contractual provisions to force certain tariff filings and prohibit others.

In addition to the CAISO Issues and Tariff Analysis conducted by the Pathways Initiative, the RO, as a separate independent decision-making body, should undertake a full review of the EDAM / EIM tariff and make meaningful adjustments to ensure a fair market design for participants outside of California.

Lastly, SRP is seeking clarification as to whether the staff supporting the new RO will be in the employ of the new RO or if they will still report to CAISO management. If the staff supporting the RO still report to CAISO management, they are still ultimately beholden to the interests of the CAISO CEO, who is chosen by the California Governor, and the CAISO Board of Governors. If this is what is intended in the proposal, SRP requests clarification as to what assurances will be in place to ensure staff works toward equitable market outcomes which is in the best interest of the market. SRP hopes to see this issue resolved as this group finalizes Step 2.

General feedback:

> In addition to the questions raised above, SRP is requesting information regarding how the compensation and selection of any board for the RO will be determined, and at what frequency will governance review for the RO occur. This information could be shared and discussed at future working sessions and be part of the Step 2 final product.

Written comments are due on August 19, 2024. Please submit comments via email to Comments@WestWidePathwaysInitiative.org. Thank you in advance for your time and feedback. We look forward to receiving your comments and ideas.