



TO: West-Wide Governance Pathways Initiative Launch Committee
FROM: Western Energy Markets Body of State Regulators
DATE: November 1, 2024
SUBJECT: Comments on the West-Wide Governance Pathways Initiative Step 2 Proposal

The Western Energy Markets (WEM) Body of State Regulators (WEM BOSR or BOSR) appreciates the efforts of the Launch Committee members and stakeholders in the development of the West-Wide Governance Pathways (Pathways) Initiative Step 2 Proposal (Proposal). The BOSR is a self-governing, independent body composed of one commissioner from each state regulatory utility commission in which a load-serving regulated utility participates in the Western Energy Imbalance Market (WEIM), including the California Independent System Operator's (CAISO's) real-time market. This includes the states of Arizona, California, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington, and Wyoming.¹ The BOSR also currently includes two liaisons representing consumer-owned utilities and one liaison representing federal power marketing administrations.

The Launch Committee represents that the Proposal is intended to create a durable and enforceable suite of tools to safeguard the public interest across the entire footprint serviced by the Regional Organization (RO), while also respecting the individual state and local policies applicable to their respective loads. While the BOSR remains neutral in the overall Pathways effort, the BOSR believes it is important to share its perspective on the funding approach proposed for the RO BOSR within the RO, as it was raised in the Proposal.

The Proposal states, "the RO BOSR will be supported by the Western Interstate Energy Board (WIEB) staff in the manner that the current WEM BOSR is supported today. At the outset of the RO the current BOSR funding arrangement will remain for the RO BOSR, with the exploration of future triggers to consider whether the structures and the market have evolved to support modest funding into the tariff."² The BOSR would like to take this opportunity to recommend changes to the RO BOSR funding structure in the RO. The BOSR's current funding structure is the product of carefully negotiated terms and conditions between State-Regulated Market Participants, the BOSR, and WIEB. As the WEIM footprint has expanded and becomes more complex, the BOSR's role in the market and membership has evolved accordingly. While the current funding structure is adequate, the BOSR believes that incorporating this funding into the RO tariff would be more appropriate for several key reasons: 1) it would provide a stable, consistent and predictable source of funding, 2) it would safeguard the RO BOSR's independence from external, variable funding sources, 3) a tariff-based mechanism offers greater transparency and accountability, as the RO tariff would ultimately be subject to review by the Federal Energy Regulatory Commission (FERC), and 4) a tariff-based mechanism would bring the RO BOSR in alignment with the other public interest groups included in the Proposal as well as state committees in other regional markets.

Regarding the final point listed above, the BOSR supports the Launch Committee's inclusion of a new independent Consumer Advocate Organization (CAO) and Office of Public Participation (OPP) in the

¹ A load serving entity from the state of South Dakota has recently stated their intent to join the WEIM. A commissioner from that state has been invited to participate in the BOSR.

² The structure and composition of the RO BOSR will remain unchanged from the current WEM BOSR.

Proposal and believes that these groups will strengthen public participation and enhance customer protection in the RO. While the proposal includes tariff-based funding for these groups, it omits a similar structure for the RO BOSR. Furthermore, it is important to note that the WEM BOSR is currently the only market state committee in the nation whose funding is not included in a system operator's FERC tariff. It is also the only state committee to explicitly incorporate public power liaisons, recognizing the unique role public power plays in the West. Recently, Western regulators and stakeholders undertook a similar effort for the Southwest Power Pool Markets+ States Committee (MSC), whereby the MSC's budget costs are allocated to market participants through the Markets+ tariff. Altogether, the BOSR believes the rationale underlying the tariff-based funding of the RO CAO and RO OPP and the state committees in other regional markets applies equally to the RO BOSR.

The BOSR thanks the Launch Committee for this opportunity to provide its perspective on the proposed RO BOSR funding structure. The BOSR looks forward to continuing its engagement in the Pathways initiative and beyond.