

West-Wide Governance Pathways Initiative CAISO Issues and Tariff Analysis

August 19, 2024

CAISO Issues

Arizona Public Service (APS) thanks the West-Wide Governance Pathways Initiative for the opportunity to provide feedback on the proposed recommendations. APS has previously emphasized the need for an independent governance structure to ensure fairness, transparency, and accountability in market design. This remains crucial to preventing any one market or state from exerting unfair influence on the market and to enabling an impactful stakeholder process. An independent market governance structure will equitably represent all interests, prioritize all market customers, and ultimately promote long-term market stability.

APS supports the pursuit of Option 2.5, which gives the Regional Organization (RO) ultimate responsibility for market services, as a step towards greater independence. APS advocates for an institutional separation between the RO and the CAISO. Considering the substantial work and resources required to implement the new governance structure, an iterative approach which moves through Option 2.0 toward Option 2.5 could be considered. We strongly urge the evolution to Option 2.5 as the goal for Step 2. Despite Option 2.5 not fully achieving independent governance, or equality between market participants, we see it as a positive step towards that goal.

Tariff Analysis

APS stresses the importance of the RO maintaining sole authority and independence, cautioning that this could be compromised if the CAISO maintains the ability to compel certain tariff filings and prohibit others. For areas of overlapping authority, our organization would like a process outlined for how joint decision making will function between the RO and CAISO. Additionally, APS does support further examination of how an enhanced 'applies to' test with a view of 'intent' for overlapping authority issues would function.

General Feedback

Regarding staffing, APS recommends the new RO staff report directly to the RO and remain separate from CAISO management. This separation will help to ensure a level of transparency among participants and to limit any biased affiliation.

Additionally, it may be prudent for Pathways to consider possible physical locations for the new RO facility. APS prefers that a concrete separation exists to demonstrate a clear distinction between the CAISO and the RO.

Finally, APS would like for Pathways to define in Step 2 procedures regarding the compensation of the new RO Board. In order to further establish the distinction of the new RO, this responsibility should not be performed by the CAISO.