

**Comments of the Balancing Authority of Northern California
on the
Pathways Initiative Initial Evaluation Framework for Pathways Options**

BANC appreciates the opportunity to provide comments on the Initial Evaluation Framework (Framework) developed by the Launch Committee West-Wide Governance Pathways Initiative (Pathways). Overall, the Framework is a strong start and captures the analytical framework and basic questions that need to be examined as part of the Pathways process. BANC makes a few additional points of emphasis below.

BANC Supports Phasing

The Framework provides a suite of options to be examined, with bookends from Option Zero, which represents the status quo to Option Four, which includes the formation of a new organization to assume certain functions of the California Independent System Operator. This latter options closely resembles the suggested structures contained in the July 14, 2023, Letter from several Western states to WIEB-CREPC leadership.¹

While the July letter contemplated the creation of a new organization to assume a yet to be articulated set of CAISO functions, certain of the options articulated in the Framework are achievable as incremental steps while work continues on the formation of any new Regional Organization. Certain of the options center around issues considered by the Transitional Committee and the Governance Review Committee.

Consideration of these incremental steps while the Launch Committee considers the parameters of any new potential Regional Organization makes sense. While many potential EDAM Entities have expressed support for Joint Authority, other potential participants have sought further reforms that provide additional authorities to the WEIM Governing Body. Given the importance of WEIM and the nascent EDAM, it is appropriate for the Launch Committee to consider incremental governance reforms and if there is consensus, make potential recommendations that may be acted upon by the WEIM Governing Body and CAISO Board of Governors.

Comments on Criteria

An important part of the Pathways document is the criteria set forth by the Launch Committee to guide consideration of the options. BANC supports the criteria articulated in the Framework, but provides some additional prioritization suggestions:

1. Criteria 1. Maximizing Net Benefits. This is the central point of the July 14th letter, with its emphasis on the widest area market footprint possible. Clearly, maximizing

¹ Letter of the States of Arizona, California, New Mexico, Oregon, and Washington calling for a viable path to electric market inclusive of all western states, with independent governance (July 14, 2023). [Letter to WIEB-CREPC Leadership](#)

consumer benefits is the first priority. BANC supports prioritizing this criterion as the Committee assesses options.

2. Criteria 5-6. BANC views these criteria as linked. Optionality and voluntary participation have paved the way for the growth of the WEIM. It is a central hallmark tenet of EDAM. This voluntary tenet is linked to continued Balancing Authority Area functions. This demonstrated path to success should be continued.
3. Implementation timelines. Phasing governance reforms holds the possibility of increasing the benefits and attractiveness for entities to participate in EDAM and other CAISO-administered activities.

Initial Legal Questions

BANC supports the initial legal questions posited in the Framework. BANC would propose to augment and clarify question 3 associated with CAISO's corporate functions and duties. BANC suggests that the issue of whether the CAISO's corporate functions and duties are fulfilled under the various options is foundational and needs to be more fully understood.

Requested Feedback

BANC believes the comments above address the specific questions presented by the Launch Committee in the Framework.

Respectfully Submitted,

Jim Shetler
General Manager
Balancing Authority of Northern California