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Submitted via Comments@WestWidePathwaysInitiative.org on August 16, 2024

RE: West-Wide Governance Pathways Initiative – Stakeholder Process

The Public Power Council[1] (PPC) appreciates the opportunity to comment on the West-Wide Governance Pathways Initiative ("Pathways") Step 2 Process. Regarding the stakeholder process, PPC has had the opportunity to not only engage in the public workshops, but also to participate in the small working group focused on this topic. We appreciate the opportunity to participate in these additional discussions. Given the timeline to supply comments in response to the last workshop, PPC offers the following comments as initial comments of PPC staff. We look forward to future opportunities for longer comment timelines to develop our responses to the Pathways proposals. We look forward to future engagement in the process.

PPC commends the Launch Committee's approach for engaging stakeholders with regards to its "stakeholder process" workstream. Not only has the Launch Committee expanded the participation in the small working group to include additional interested parties, but it has also engaged a facilitator and planned a series of workshops to get additional feedback from the broader stakeholder community. While we understand that time and resources are limited, we encourage the Launch Committee to consider expanding this approach to other workgroups under the West-Wide Governance Pathways Initiative as well. Greater levels of discussion, perspective sharing, and understanding gained through these deeper engagements will benefit the process as a whole.

It is PPC's understanding that the "stakeholder process" workstream of the Pathways effort is working to identify potential improvements to the stakeholder process that could be applied with or without changes that are being explored in some of the other workstreams contemplated in Phase 2. Because there is some ambiguity as to which organization this stakeholder process would apply, we will refer to the Market Operator ("MO") in these comments. This is intended to reflect that this could be CAISO or the Regional Organization, depending on the outcomes of other areas of the effort.

As we have heard from stakeholders during the workshop discussions, there are multiple ways to conduct productive stakeholder processes. There are multiple approaches to the stakeholder

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[1] PPC, established in 1966, is an association that represents the vast majority of consumer-owned electric utilities in the Northwest, with membership spanning across six states. PPC's mission is to preserve and enhance the benefits of the Federal Columbia River Power System operated by BPA for consumer-owned utilities. PPC's members pay roughly 70% of BPA's annual $3.9M revenue requirement, in addition to owning their own generation and transmission facilities in the Northwest. PPC is actively engaged in BPA's decision process on day-ahead market participation. Additionally, PPC has members who are evaluating their individual market participation decisions.

process which could be acceptable to PPC. We appreciate the opportunity to work with other stakeholders to develop solutions that will achieve and balance the objectives and perspectives of multiple parties. PPC's objectives are to establish a stakeholder process that is stakeholder-driven, includes a large role for facilitation and expertise provided by MO staff, and encourages collaboration and compromise among stakeholders.

Below we offer some additional thoughts in response to the Launch Committee's specific questions for additional consideration.

Workshop #2 Topic: How could issues and solutions before the Regional Organization get raised? Who leads?

1. Policy topic selection: who selects among a list of competing priorities for stakeholder attention?

Market stakeholders and the MO Board should take a lead role in establishing priorities for stakeholder attention. It's likely that the formation of some sort of standing committee of market stakeholders would be helpful for providing guidance on prioritization among issues. Market Operator staff should have a large role in informing those selections. It will be important that MO staff provides information and input on:

- MO staff assessment of priority of various issues.
- Relating those priorities back to whether issues are required to be addressed based on FERC rule or other compulsory requirement vs. discretionary changes.
- Bandwidth of staff required to implement the change.
- Anticipated implementation timelines for potential changes.

2. Originating policy framing: who first presents a problem statement and solution range?

The ability for stakeholders to provide input of some type on both the problem statement and the solution is critical. Any market stakeholder, the Board, MO staff, DMM, the MSC, BOSR, or other interested parties should be able to present a problem for consideration. Prioritization of whether and when to work on specific issues should be addressed by stakeholders and the Board as stated above.

Depending on the complexity of a problem, a working group could be established to address the issue. Eventually standing working groups or task forces may be helpful to provide a regular cadence for reviewing certain topic areas.

Depending on the nature of the issue (compulsory or discretionary) and the complexity of the issue, it may be appropriate for MO staff to provide the problem statement and a proposed solution range. Even in cases where the MO is required to take action (such as in response to a FERC order, or other compulsory requirements), stakeholders should still be able to comment on potential solutions and provide additional considerations if the presented solution range is not broad enough.

3. Stakeholder-led workshops: who has responsibility for facilitating discussion and moving an agenda forward?

For topics pursued under a stakeholder led process, the stakeholder(s) advancing the proposal - whether that be a formalized workgroup/committee, individual stakeholder, or some other group of stakeholders - should have the responsibility of moving a proposal forward; that is, they should be on point for developing the initial problem statement and solution range for stakeholder and MO staff feedback. A critical part of this process will be to include a role for MO staff input and collective stakeholder review.

The MO or another third party should assist in facilitating discussions among stakeholders. While MO staff should not drive the discussions, MO expertise is an important input for these discussions and should be offered for consideration by stakeholders and the Board.

A representative stakeholder group, such as the RIF or its successor, could be helpful in determining whether a topic has had sufficient discussion to move to the next phase of the policy process. Alternatively, indicative voting among stakeholders could be used.

4. Selectivity of bottoms-up stakeholdering: how often and (possibly) through what nomination process are topics subject to a stakeholder-driven process?

While PPC is comfortable with largely using a stakeholder-driven process to advance most if not all issues, we understand that other organizations have some concerns with that approach. An acceptable alternative would be to advance issues with significant impact or notable differences in initial stakeholder positions through a stakeholder-driven process. A representative stakeholder group, such as the Regional Issues Forum or another similar body could provide input on whether topics should be pursued in a stakeholder-driven process. Standing workgroups and task forces could help alleviate some upfront work by providing clear forums for discussion and advancement.

Proposals on whether to pursue a stakeholder-driven process should be informed by MO staff input on the ability to staff such processes.

Workshop #3 Topic: What could a sector-based committee and voting structure add?

5. Sector definitions: Should sectors be established? If so, how should they be defined? a. Should they be weighted for voting purposes? If so, how? b. What could be the value of sector designations outside of voting?

6. Voting: Should stakeholder engagement include voting? If so, a. What kind of issues are selected to be voted on? b. At what points in the process should voting be scheduled? c. Should voting be indicative or binding?

7. Standing and ad hoc committee status: what sort of forums or committees do sectors use to organize themselves? General feedback:

8. Do you have any additional feedback you would like to share with the Launch Committee on these topics?

PPC appreciates the ongoing efforts of the stakeholder process working group to address these issues and is supportive of the process that has been made among that group so far on a voting approach. We offer a few additional comments for consideration, many of which we have already expressed in discussions with the stakeholder process working group.

Defining sectors is generally helpful for collecting more information about the priorities and perspectives among various stakeholder groups. This can be helpful for providing an additional level of transparency as to how stakeholder "types" are impacted by various proposals. When proposals fail to receive support from a sector, it may be an indication that there is a need to improve the proposal before it is approved. This is part of the reason we understand that indicative voting can be a helpful tool for decision makers attempting to better understand stakeholder dynamics.

The current sector definitions of the RIF are a good starting point for defining sectors, although some sectors with significant diversity in membership may need to include some element of sub-sector tracking to provide additional context for the sector's perspective (such as evaluating sector results by region [NW, SW, CA] or organizational structure [IOU, COU]).

It has been PPC's experience that designating sectors also encourages additional collaboration between stakeholders, both between and among sectors. As sectors meet to vote or share perspectives, it allows additional opportunities to explore differences in opinion or search for alternative solutions within the sector, which may result in solutions which better meet a broad range of stakeholder objectives. Likewise, additional transparency into whether there are specific sectors that are unsupportive of certain proposals can encourage additional outreach between sectors to explore new alternatives which could better meet a broader set of needs.

Indicative sector voting can show where groups of stakeholders are not having their concerns addressed. This can lead to work between sectors or between MO staff and the sector(s) to work on those specific concerns.

PPC would support voting opportunities in various phases of the policy development process including, but not limited to, prioritization of work/issues, definitions of problem statements, and perspectives on policy proposals.

PPC has participated in processes where voting is indicative and also those where it is binding and can be comfortable with both. It is important that voting has some influence on the direction of the market, but that does not necessarily mean that a binding vote is required. Instead, requiring a statement from decision-makers in the case their decision diverges from the recommendation expressed in indicative voting would likely give voting sufficient meaning in the decision process.

PPC has had positive experiences with standing committees in CAISO and other processes which provide structure, predictability, and stakeholder accountability into the process. The existing committees within the CAISO process – for example the RIF and nominating committee – have worked well. We recommend that the group consider the potential for additional standing committees which could serve to provide input at various phases of the policy development process.

Thank you for the opportunity to comment.