



October 25, 2024

RE: West-Wide Governance Pathways Initiative Phase 2 Draft Proposal

To: West-wide Governance Pathways Initiative Launch Committee

Microsoft Corporation (Microsoft) appreciates the opportunity to provide feedback on the West-Wide Governance Pathways Initiative (Pathways Initiative) Phase 2 Draft Proposal (Draft Proposal). Microsoft is the owner and operator of data centers, which form the backbone of the infrastructure required to deliver digital services that empower organizations and individuals throughout the region. As a result, Microsoft is a customer of several electric utilities across four western states - Arizona, California, Washington, and Wyoming. Three of Microsoft's electric utility providers are participants in the Western Energy Imbalance Market (WEIM): Arizona Public Service, and two California utilities that are in CAISO's footprint, Silicon Valley Power and Pacific Gas & Electric; and a fourth utility serving Microsoft, Black Hills Energy subsidiary Cheyenne Light, Fuel and Power Company, has recently signed an implementation agreement. Beyond Microsoft's existing footprint in the Western US, Microsoft is continuously evaluating new expansion opportunities in the region to meet the growing demand for digital services.

Microsoft supports the development and evolution of electricity markets worldwide, driven by our vision of a carbon-free electricity grid that powers our global cloud services and enables an equitable energy future for all.¹ We support policies that foster a diverse zero-carbon energy mix, modernize market design and price signals, and spur investment in research and development to deliver the clean energy technologies of the future. We believe that well-designed markets can lower costs, increase reliability and resilience, and accelerate the transition to clean energy.

Microsoft, having participated in the Phase 1 commentary and stakeholder process, appreciates the opportunity to provide additional commentary on the Draft Proposal. In particular, we'd like to acknowledge the dedication and thoughtfulness of the Launch Committee and all the participating stakeholders who have

¹ ["Microsoft Electricity Policy Brief"](#), September 2022



continued the dialogue in building a governing body that is one step closer to a Regional Transmission Organization (RTO) for the west. The commitment to ensuring customer voices are represented while building a structure to enable the largest market footprint is commendable and sets a strong foundation for collaborative and effective governance. In that spirit, Microsoft provides the following feedback and comments on the Draft Proposal.

Support for Step 2 Draft Proposal

Microsoft supports the Step 2 Draft Proposal and recommends the adoption of Option 2.0. The Draft Proposal is a great achievement, and we look forward to continuing to work with stakeholders on future refinement. The emphasis on a governance structure that clearly prioritizes the public interest and actively involves stakeholder engagement is a significant step. Microsoft appreciates that the revised Nominating Committee for the Regional Organization (RO) Board includes representatives from each Stakeholder Representatives Committee (SRC) sector, ensuring the RO Board members are responsive to the needs and concerns of its diverse stakeholders. The creation of an independent Consumer Advocates Organization to coordinate regional solutions also grants organizational flexibility to ensure the benefits are maximized for all parties involved. We encourage the Launch Committee to continue to foster stakeholder engagement in the creation of the RO Formation Committee, to properly reflect the intended structure of a future RO.

Feedback on Stepwise Approach

Microsoft agrees with the stepwise approach of adopting Option 2.0 before considering the adoption of Option 2.5. This approach prioritizes efficiency and effectiveness in establishing an initial governance structure. Simultaneously, this approach ensures that the governance structure is capable of evolving in response to stakeholder feedback and practical experience. In addressing immediate challenges, while empowering stakeholders to continuously improve upon the structure of the Governance Structure of the RO, Option 2.0 creates a solid foundation for future developments.



Microsoft, however, cautions the Launch Committee and fellow stakeholders not to lose sight of the ultimate goal of creating a fully functioning RTO for the west with market services provided to the largest possible footprint. The transition to an RTO for the west is not merely a procedural exercise but requires concrete steps and policies that move the region towards a more integrated and resilient electric system.

In the context of regional energy markets, an RTO plays a pivotal role in the creation of a reliable and sustainable future. For instance, an RTO for the west can facilitate each state's right to pursue renewable energy goals while enhancing reliability by tapping into a broader pool of complimentary generation assets. Additionally, an RTO for the west would help to balance supply and demand in an economically efficient manner through regional transmission planning.² Microsoft, therefore, emphasizes the importance of maintaining a clear vision of the end goal, which is a comprehensive and efficient RTO for the west that maximizes benefits for all electricity consumers.

Response to Sector Formation and Customer Representation

Microsoft, the Public Advocate's Office, and Western Consumer Advocates had previously outlined in separate Pathways Phase 1 Proposal Commentaries that Consumer Advocates and individual Commercial & Industrial customers have traditionally faced significant challenges in participating effectively and meaningfully in regional organizations.^{3,4,5} We thank the Launch Committee for considering our feedback and developing a stakeholder representation structure in line with our suggestions to ensure the consumer voice is heard. The creation of a Stakeholder Representatives Committee (SRC) aligns with Microsoft's expectations, as it aims to enhance collaboration and representation among a diverse array of

² Clean Energy Buyers Institute, "[The Benefits of New Regional Transmission Planning Entities in the U.S. West And Southeast Regions](#)", February 2023

³ Microsoft, "[Comments on West-Wide Governance Pathways Initiative Phase 1 Straw Proposal](#)", May, 2024

⁴ The Public Advocates Office "[Public Advocates Office Comments on the West-Wide Governance Pathway Initiative Phase 1 Straw Proposal](#)" May, 2024

⁵ Western Consumer Advocates "[Western Consumer Advocate Comments on the Pathways Initiative Phase 1 Straw Proposal](#)" May, 2024



stakeholders. It is encouraging to see the SRC set aside distinct sector-based seats that reflect the diversity of needs faced by retail and large-scale customers. This proposal will foster a more inclusive and democratic governance structure, representative of all sectors that will be impacted by RO Board decisions.

Microsoft encourages the Launch Committee to ensure equitable representation of all stakeholders is durable into the future by implementing protective mechanisms. Below, we provide specific feedback, reiterating key points raised in our Phase 1 Proposal Comments, on the ease of customer engagement and directness of customer representation.

Ease of customer engagement: Microsoft applauds the work of the Launch Committee in allowing for explicit opportunities for Consumer Advocates and Commercial & Industrial (C&I) customers to provide feedback on important decisions through the SRC. Microsoft had previously recommended providing technical and financial assistance to Consumer Advocates, enabling them to develop informed feedback. The creation of a Consumer Advocates Organization (CAO) and proposal for modest tariff-based funding for the CAO align with this recommendation.

Direct customer representation: Microsoft appreciates the Launch Committee developing a Stakeholder Process that allows the SRC to collaborate with RO staff on cataloging and prioritizing new initiatives for the RO Board's evaluation. The revised structure of the Nominating Committee to include SRC representatives from each of the nine sectors is also aligned with our previous comments for customer voices to be represented in RO Committee. Microsoft looks forward to engaging with the Formation Committee on creating structures to ensure customer initiatives and priorities are resolved in an expeditious manner.

Share Authority with State Regulators: Microsoft thanks the Launch Committee in maintaining state authority by extending the current Body of State Regulator (BOSR) functions to the RO BOSR. Furthermore, Microsoft approves of the BOSR having a seat on the Nominating Committee, as it ensures the views of state regulators are reflected on the RO Board. As



mentioned in our comments from the Phase 1 proposal, Consumer Advocates and local C&I customers tend to be better represented in state Public Utility Commission stakeholder proceedings. Including the BOSR in both the RO Stakeholder Process and Nominating Committee allows regulators to elevate local voices to a regional level.

Closing

Microsoft values the collaborative efforts involved in the West-Wide Governance Pathways Initiative. The Launch Committee's extensive experience and forward-thinking approach to energy markets is reflected in this proposal's aim to enable customer representation and a comprehensive governance structure. We would like to reiterate our support for the Phase 2 Draft proposal and its emphasis on evolving into a future RTO that serves the largest possible footprint. The Launch Committee deserves immense credit for the stakeholder-driven process they have run, and Microsoft looks forward to engaging more in the future.

Jordan Weiszhaar

Sr. Program Manager, Data Center Energy, US West

Microsoft

Rowen VonPlagenhoef

Program Manager, Data Center Energy, US West

Microsoft