<u>**Stakeholder Process DRAFT Discussion Document**</u>

Background

In this second phase of work, the Launch Committee of the West-Wide Governance Pathways Initiative (Pathways Initiative) is focused on developing a recommendation for achieving the goals of the Pathways Initiative through the creation of a new Regional Organization (RO). In particular, the Launch Committee believes that the stakeholder process is the primary tool to enable the market to evolve to meet the priorities of market participants, regulators, and stakeholders and developing a robust, accessible stakeholder process for the new RO has been a critical component of the Launch Committee's work. The RO's Stakeholder Process is one of six Workstreams that the Launch Committee created, each with a Work Group tasked with developing recommendations for different aspects of the new RO. This Work Group is focused on identifying recommendations regarding the structure, functions, and authorities of the RO stakeholder process. Participants in the Work Group represent a broad and diverse range of stakeholder perspectives from organizations across the West, and they represent a range of experiences and viewpoints regarding the stakeholder process, the way in which stakeholders interact with the RO and with each other, and how to allow stakeholders to influence and determine outcomes on important market design issues.

Workshops

To support the Work Group's efforts, the Launch Committee engaged Gridworks to conduct a series of workshops, with a focus on gathering stakeholder input on options for and considerations regarding the RO's stakeholder engagement activities. As outlined in Gridworks' Interim Report on the Pathways Stakeholder Process Workshop Series, published earlier this month,[1] Gridworks' primary tasks to date have involved publication of a research brief comparing and analyzing stakeholder processes used in other organized energy markets and conducting stakeholder workshops designed to elicit feedback and input on the goals, objectives, and design of the RO stakeholder process.[2] Gridworks oriented its discussions of design around the following questions, which formed the basis for comments during the workshop series:

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?
2. Originating policy framing: Who first presents a problem statement and solution range?
3. Stakeholder-led workshops: Who has responsibility for facilitating discussion and moving an agenda forward?

---

[1] Gridworks, Interim Report, Pathways Stakeholder Process Workshop Series (Aug. 2024), available at https://www.westernenergyboard.org/wp-content/uploads/Interim-Report_-WWGPI-Stakeholder-Engagement-2024.pdf.
[2] Interim Report at 3-4.

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

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?

The Gridworks team identified key themes raised by stakeholders during the workshops, as summarized in the Interim Report. This input informed the proposals in this Discussion Document, and it also aligned with the observations and experiences of participants in the Stakeholder Process Work Group.

With respect to the topics covered during the first workshop, the Work Group observes that stakeholders appeared to find the review of approaches utilized within the Eastern organized markets informative, particularly as touchstones for highly stakeholder-driven and sector-based processes. At the same time, stakeholders also observed that elements of the more market operator-driven processes also offer benefits, particularly in terms of potentially reducing the resource commitments required of stakeholders to participate in initiatives and in enabling independent market design specialists on staff to offer a high degree of expertise and guidance in shaping outcomes. These highly decentralized processes also accommodate participation and comments by nearly any stakeholder.

The second workshop discussed the benefits and drawbacks of various process models, with significant focus on existing CAISO structures, including its recent efforts to introduce more stakeholder participation at the early stages of initiatives through the use of working groups. There is clear interest in more stakeholder input and oversight in forming problem statements and development of solutions, as well as in establishing the structure, timing, and prioritization of initiatives. Stakeholders also recognized that the scope of and timing for a particular initiative should be calibrated to its complexity, with simple initiatives requiring a lower time and resource commitment from the market operator staff and stakeholders, and broader, more conceptual initiatives requiring more time and resources.

There seemed to be limited enthusiasm for completely relinquishing market operator staff involvement in the administration of the stakeholder process. Stakeholders appear to support an evolution of the Western Energy Markets Regional Issues Forum ("RIF"), including building on the initiative prioritization structure the RIF features. Stakeholders also reiterated the importance of ensuring that the RO Board is fully briefed on the range of individual stakeholder perspectives regarding issues, whether through a voting process or through another means.

The third workshop focused on sectors and voting concepts, and stakeholders expressed general support for the use of sectors in effectively organizing stakeholders and helping to create consensus. There is support for a larger number of sectors than what the RIF supports, while recognizing that other characteristics of stakeholders outside of sector delineation, such as business model, load service or supply side obligations, or geography, can be relevant in some instances. Stakeholders offered a range of perspectives on voting, and whether and when voting is used, whether it is binding or informational, and when a formal vote may be beneficial versus polling procedures.

Stakeholder Feedback

The stakeholder comments on the first three workshops, submitted on August 16, 2024, largely aligned with, and, in some respects, expanded on, the themes identified above. This input has been critical to the development of the proposals in this document. As outlined below, the Work Group proposes to build from and refine in significant ways, many of the elements of the stakeholder process that is currently employed by the CAISO. For example, there is support for continuing reliance on a Catalog and Roadmap structure to identify and prioritize initiatives, but with expanded roles for a Stakeholder Representatives Committee (SRC) as a successor to the RIF in ensuring that stakeholder input is considered and addressed in a timely way. The proposal below also recommends a high-level structure of stakeholder initiatives including using working groups for scoping and problem statement identification and reliance on a policy development phase for determination of solutions. Crucially, this Discussion Document includes significantly expanded opportunities for stakeholder involvement in the working group and policy development phases by empowering the SRC to establish advisory panels or committees of stakeholder representatives to help shape and direct the initiative process. As outlined below, this may not be a feature that is needed in all initiatives, but the SRC would have the discretion to make this determination and would be expected to appoint such a committee for key initiatives. The sector framework outlined below would provide the organizational structure for the SRC.

Voting is a topic of high importance to nearly all stakeholders. After careful consideration of the range of views expressed on the benefits and downsides to voting and the various permutations of voting structures that could be adopted, this document reflects an approach of advisory, or informational, voting by individual stakeholders. Individual advisory votes would be public information and would be tabulated to show sector results. Votes may also be tabulated to show results beyond sector reporting. Voting would take place during key inflection points in the initiative prioritization process, as well as during and at the end of stakeholder initiatives. Finally, the approach below contemplates a remand process by the RO Board in instances where the outcome of an initiative is not adequately supported.

For purposes of this Discussion Document, we have referenced "RO staff" in all instances where staff would play a role in the stakeholder initiative process. However, the Stakeholder Process Work Group has discussed a scenario where the staff could be at both the RO and the CAISO (referred to herein as the "market operator" to emphasize the role the CAISO will fill for the RO). The RO staff would provide all of the facilitation and administrative support for the

process. The market operator staff would provide subject matter experts to assist with the development of problem statements and solutions.

Below is a draft structure for a stakeholder process, which consists of the following components: a Stakeholder Representatives Committee, Sectors, Classification of Stakeholder Initiatives, Stakeholder Process, and Voting. This draft structure is based on feedback from the Stakeholder Process Work Group, the three workshops facilitated by Gridworks, and written stakeholder comments received to date. The Launch Committee will be taking additional feedback on this Discussion Document from stakeholders to continue to evolve this important element of the future RO and help shape the Launch Committee's Draft Revised Step 2 Proposal, that will be released at the end of September.

The Stakeholder Representatives Committee (SRC)

The Stakeholder Representatives Committee (SRC) will be the primary stakeholder body that works with RO staff to catalog and prioritize initiatives, as well as to define initiative problem statements and solutions. SRC representatives will work directly with RO staff and other SRC representatives to shape the meeting agendas, identify emerging issues, and develop initiative framing and solution sets explored by the RO staff and market operator subject matter experts. SRC representatives will actively communicate and engage with the organizations within their sector. The SRC is designed to promote compromise and collaboration within and across sectors on initiatives that will result in changes to the RO and market services it oversees. The SRC is committed to promoting access and transparency for stakeholders across the West.

The SRC sectors are self-organized and self-selected. While sectors should aspire to select sector representatives that represent diverse business models and diverse geographies, this may not always be possible.[3] Therefore, the sector representatives will be determined by the sectors, along with any criteria to establish diversity on the SRC that is important to any given sector (e.g. geographic diversity, sector subgroups, etc.). Based on Work Group discussions and stakeholder feedback, this proposal includes an SRC with nine sectors with one to three seats per sector, depending on the size and complexity of the sector. With a voting structure that gives one vote to each sector but also enables each organization to vote and have their position documented for each vote, the SRC structure is designed to ensure adequate and diverse representation for the work that body is tasked with, putting more emphasis on the organization votes than the sector votes. The number of seats for each sector may evolve as market services at the RO evolve.[4]

---

[3] For example, both the EDAM Entity and EIM Entity sectors include both IOU and POU utilities. Additionally, these utilities are from the pacific northwest, the desert southwest, and California.

[4] While the EDAM Entities have a single seat on the Regional Issues Forum today, by the time the RO is created and a stakeholder process is implemented, the number of utilities who have executed implementation agreements may have increased, warranting a second seat.

Sectors

	RO Sectors for Stakeholder Voting	Sector-based seats on SRC
1	EDAM Entities	1 seat
2	EIM Entities	2 seats
	[no PMA standalone sector]	*1 additional seat reserved for PMAs in either EDAM or EIM sector, assuming the PMA is either an EIM or EDAM Entity
3	ISO PTOs	2 seats
4	Transmission-dependent utilities	3 seats including (1) reserved for CCA
5	PIOs	1 seat
6	Consumer advocates	1 seat
7	Large C&I customers	1 seat
8	IPPs, independent transmission developers, and marketers	3 seats (need to ensure both IPPs and marketers have the opportunity for a seat, representing different business models)
9	Distributed Energy Resources (including distributed generation, storage and demand response resources, aggregators, and enabling hardware and software providers)	1 seat
		Total: 16 seats on committee

Disputes regarding sector assignments will be reviewed by the RO Board.

When the SRC conducts a vote, every organization who is registered to vote will have the opportunity to register its support, opposition, or neutrality to the issue under consideration. RO staff will provide administrative support for the vote and will tabulate the vote. Once the organizational votes are tallied, the 9 sectors of the SRC will also vote, with the threshold for support, opposition, or neutrality determined by the organizations in the sector. The SRC representative will report on any specific splits that have been established by that sector, consistent with the self-organizing principle described above.[5] The results of all votes will be provided in the materials related to the issue. More details on the proposed voting structure are below.

Classification of Stakeholder Initiatives:

Stakeholder Initiatives will be classified into three categories: Compliance/Non-Discretionary Initiatives, Compliance with State and Local Public Policy Initiatives, and Discretionary Initiatives. A description of each category is provided below.

---

[5] For example, the EIM Entity sector may choose to report votes by 1) POU/IOU 2) geographic region or 3) load ratio share. Likewise, the IPP sector may choose to report by 1) generation asset owners/independent transmission providers/marketers or 2) generation type.

1. Compliance/Non-Discretionary: Initiatives that address compliance with a FERC order or address a market design flaw or emerging reliability issue.
   o FERC Rulemaking responses
     ▪ If a tariff change is required as a result of a FERC rulemaking process, there will likely be adequate time for a full stakeholder process. The initiative would be initiated by the RO Board or staff and will go into the Catalog and Roadmap, with an evaluation of timing based on the compliance requirement.
   o Exigent circumstances
     ▪ If a temporary tariff change is made under the exigent circumstances provisions, it will not have gone through a stakeholder process. These tariff provisions must undergo a subsequent stakeholder review if they are to become a permanent feature of the market. This review should kick off no later than 30 days after FERC approval and must be approved by the Board within 6 months. Alternatively, the Board can vote to extend the exigent tariff changes in 6 month increments to enable ongoing stakeholder development.
   o Minor corrections or adjustments
     ▪ Because these initiatives are likely the result of a tariff filing at FERC that already went through a stakeholder process, RO staff may forgo a stakeholder process but should notify the SRC and RO Board.
2. Compliance with State and Local Public Policy: Initiatives that are needed to enable the market to address a state or local public policy issue.
   o Any entity including a state agency representative, States Committee/BOSR representative, or market participant who may be impacted by a state or local policy or law that may require a tariff change for the market may propose an initiative. The proposal should include an evaluation of why the initiative is necessary to comply with the policy or law and should include whether implementation of that state policy into the market would adversely affect other states.
   o If the RO staff determines that a tariff change is required and that there will not be adverse impacts to other states, the initiative is treated the same as a Compliance/Non-Discretionary Initiative and will go into the Catalog and Roadmap, with an evaluation of timing based on the compliance requirement.
   o If the RO staff determines that a tariff change is not necessary or that other states would be adversely impacted, they would document their findings and present them to the RO Board. Stakeholders including States Committee/BOSR representatives could comment on this finding.
3. Discretionary Initiatives: Market improvements or evolution that can be brought by any stakeholder as well as the States Committee/BOSR, the market monitor, the Market Surveillance Committee (MSC), the Independent Market Advisor, or the RO staff, or from a workshop
   o Emergent Operational Issues
     ▪ Tariff changes addressing a significant market design flaw, reliability impairment, or matter significantly affecting a particular set of entities (for example, a market design problem that undermines the reliability of a

particular balancing authority area) but fall short of exigent circumstances. These could include issues of importance identified by RO staff, the States Committee/BOSR, the market monitor, the MSC, the Independent Market Advisor, or a market participant.

- These initiatives would still be required to have a stakeholder process, but they would be handled with a greater degree of urgency than a normal discretionary initiative lacking the same time pressure.
- E.g., Price Formation Enhancements – Rules for Bidding Above the Soft Offer Cap

  o Discrete: clear ideas to address known problem statements
  - May be able to move directly to the policy development stage (Stage 2, identified below) of a stakeholder process; or
  - Proceed to resolution via another means, such as a Business Practice Manual change, if a tariff amendment is not required.
  - E.g., Inter-SC Trades in Regional Markets

  o Conceptual: broad topics where many stakeholders agree there is an opportunity to improve the market, but there is no clear consensus on solutions or problem statements at the beginning of the initiative. This topic needs one or more working group discussions at Stage 1 of the initiative (as discussed below) in order to determine scope and problem statements.
  - May include several subtopics
  - E.g., Price Formation Enhancements, Greenhouse Gas Coordination, Gas Resource Management

Stakeholder Process

After initiatives are categorized, the Stakeholder Process can then begin and will include three primary steps:

(1) Issue identification and prioritization (Catalog/Roadmap process)
(2) Stakeholder phase:
a. Stage 1 – Issue Evaluation: What is the objective of the stakeholder initiative and what are the issues and problem statements to be solved?
b. Stage 2 – Policy Development: Identification of solutions
(3) Approval by the RO Board

A. Issue Identification and Prioritization

Issue identification and prioritization will consist of a Catalog and Roadmapping process. The Catalog will be a listing of proposals (from all sources) for stakeholder initiatives. The Roadmap will be a document reflecting the stakeholder initiatives that will occur over a three-year period. Each document is updated annually.

The number and complexity of initiatives that the RO can pursue depends in large part on the amount in the RO budget allocated for stakeholder initiatives. The Catalog/Roadmap should

inform the RO budget discussions and vice versa. RO staff should ensure that the SRC understands the RO budget as initiatives are identified and prioritized.

1. Catalog Process – Issue/Initiative Identification

RO staff conduct a process each year to identify initiatives for inclusion in the Catalog and elimination of initiatives from the Catalog that have been addressed/are no longer needed.

- Known Compliance/Non-Discretionary Initiatives will automatically be included in the Catalog, including those State and Local Public Policy Initiatives that meet this criteria.
- The SRC should assist in identification of discretionary issues for inclusion in the Catalog. This can occur through a roundtable-type process, where SRC representatives review, assess, and organize submittals by their sectors.
  - o Roundtable process: The SRC obtains sector level input to an annual process for identifying discretionary stakeholder initiative priorities, discusses priorities in one or more meetings, and produces a report or other work product identifying stakeholder prioritization that provides direct input to both the Catalog and the Roadmap. The SRC should act as a facilitator, not a gatekeeper, for identifying and incorporating new initiatives into the Catalog.
- A new discretionary, non-compliance initiative could originate from any source. This includes (but is not limited to): all stakeholders and market participants, market operator staff, RO staff, DMM, MSC, States Committee/BOSR, etc.
- The Catalog should include a proposed disposition for all submittals by stakeholders— i.e., initiative (if tariff amendments may be needed), BPM change, process change, etc. Note that only initiatives that require a tariff change are included in the Catalog.[6] The SRC should review and advise the RO staff on the proposed disposition.
- Based on input from the SRC, RO staff will release a Draft Catalog and host at least one stakeholder meeting with a comment period. A Final Catalog will be released with the Roadmap.

2. Roadmap Process – Issue Initiative Prioritization

The SRC (or sub-committee of the SRC) would work with and advise the RO staff regarding prioritization of the discretionary initiatives identified in the Catalog for near-term (i.e., ~3 years) to create a stakeholder policy Roadmap. The SRC would conduct a vote on the Roadmap prior to presentation to RO staff.

Roadmap development includes the following steps:

1. Prioritization of Catalog initiatives by SRC representatives with input from sector members
2. Draft Roadmap published for public comment
3. Stakeholder meeting
4. Revised Roadmap
5. Indicative vote

---

[6] For example, BPM changes are addressed through the BPM Change Management Process.

6. RO Staff revises and publishes the Final Roadmap
7. RO staff recommends Final Roadmap to RO Board, with results of indicative vote

What proposals are included in the Roadmap?

1. Compliance/Non-Discretionary:
   o RO staff has full discretion to include these in the Catalog and to reflect them in the Roadmap based on any required timing by FERC
   o Includes mandatory stakeholder process for tariff changes that were made due to exigent circumstances
2. Compliance with State/Local Public Policy:
   o If a State and Local Public Policy Initiative is determined to require a tariff change, the timing of the initiative would be based on the compliance timeline for the policy change's effective date, considering the RO's overall compliance obligations.
3. Discretionary Initiatives:
   o Emergent Operational Issues: Matters of urgent importance to the market or a particular set of participants facing reliability or economic challenges should be prioritized to reflect the urgency of the solution.
   o Discrete Initiatives: The RO staff will create a process to prioritize discrete initiatives in the Catalog. This can occur through a roundtable-type process, where SRC representatives review, assess, and prioritize initiatives by their sectors.
     ▪ Roundtable process: SRC obtains sector level input in one or more meetings and produces report or other work product identifying stakeholder prioritization.
     ▪ If appropriate, the SRC could recommend grouping several related initiatives together to be handled through one stakeholder process.
   o Conceptual Initiatives: Also through the roundtable-type process, the SRC selects topics to enter the stakeholder phase of the Stakeholder Process, first starting with Stage 1 (working groups) and, then proceeding to Stage 2 (policy development), assuming that the outcome of the working groups is to proceed to Stage 2.
     ▪ To move to Stage 1, described below, the initiative must have support from at least two sectors of the SRC.

RO staff develops the Roadmap, including prioritizing Discretionary Initiatives based on the recommendations from the SRC and RO staff. This includes identification of recommended issues to move forward to a stakeholder process.
   • As part of its evaluation of which discretionary initiatives to include in the Roadmap, RO staff may use as one criterion for inclusion whether an initiative is in the top 5-10 for at least two sectors. RO staff can also include any initiative that is in the top 5-10 for any single sector with documentation on the value of the initiative.
   • RO staff must provide documentation to the RO Board regarding selection of initiatives included in the Roadmap.

There will be a formalized process for coordination between SRC/RO staff to ensure that the SRC can understand RO staff capacity and tradeoffs in developing recommendations for prioritization.

The SRC will conduct a vote to recommend approval of the Roadmap in the process described in the Voting section. All voting results will be part of the recommendation to the RO Board.

Following completion of the Roadmap, the RO Board must formally vote/adopt the Catalog and Roadmap. This is an added layer of approval beyond today's informational presentation. In order to maintain flexibility and adaptability, the RO staff should have the ability to modify the prioritization of initiatives that are identified for a stakeholder process in the Roadmap at any time, but must notify the RO Board and SRC at the next public meeting and take comment. The SRC would also provide input to RO staff regarding emergent issues and would work with and advise RO staff regarding any needed reprioritization to address emergent issues and major changes to initiative timelines (like deferral of a topic into a future year, for example). This could include discrete initiatives with quick solutions that may emerge out of the Catalog cycle (e.g., Price Formation Enhancements – Rules for Bidding Above the Soft Offer Cap).

The SRC should provide a report to the RO Board on the process for developing the Catalog and Roadmap.

B. Stakeholder Initiative Phase

Following the Catalogue and Roadmap process, the Stakeholder Initiative Phase will commence consisting of Stage 1 Initiative Problem Statement Development and Stage 2 Policy Development.

1. Stage 1 – Issue Evaluation: Refinement of the Problem Statement

The focus of Stage 1 addresses the following question: What is the objective of the stakeholder initiative and what are the issues and problem statements to be solved?

All non-discretionary and discrete initiatives will have adequate problem definition in the Roadmap process and will not require a Stage 1 process. For conceptual initiatives that are prioritized in the Roadmap to move to the stakeholder process, the SRC would identify sector "sponsors" for the Issue Evaluation Stage. These sponsors act as stakeholder chair/co-chair of the Work Group and partner with RO staff to move the working group forward through to the policy development stage and ultimately to resolution. State and local public policy initiatives can follow either the "discrete" or "conceptual" path depending on the scope and definition of the change required to comply with the public policy.

The sector sponsors would also develop guidelines for the work in Stage 1, including a timeline, number of working group meetings, role of stakeholders in presenting/participating in working groups, and when the working group phase should be concluded and transitioned to policy development phase. RO staff and the SRC would determine, based on stakeholder input through comments and/or voting, when the Work Group's objectives are achieved.

Once the initiative has one or more problem statements, the SRC conducts a vote to determine a recommendation for RO staff to move the initiative to Stage 2.

If the initiative already has a problem statement as proposed in the Catalog/Roadmap phase and does not appear to require additional problem statements and scoping, the initiative moves directly to Stage 2. As noted above, non-discretionary and discrete initiatives may have adequate problem statements identified as part of the Catalog/Roadmap process, and may not require working group development as part of Stage 1. The SRC has the option to create a working group for discrete initiatives, however, where appropriate.

2. Stage 2 – Policy Development: Identification of solutions

The focus of Stage 2 addresses the following question: Who has responsibility for developing straw proposal solutions?

Responsibility is determined based on the classification category of the Initiative:

a) Compliance/Non-Discretionary:
   o FERC Rulemaking responses
      ▪ RO staff should develop the straw proposal for stakeholder review.
   o Exigent circumstances tariff change review/adoption
      ▪ RO staff should develop the straw proposal for stakeholder review. This review should kick off no later than 30 days after FERC approval and must be approved by the Board within 6 months or the Board can extend the exigent tariff changes pending further stakeholder development.
   o Minor corrections or adjustments
      ▪ RO staff may forgo a full stakeholder process, but should notify the SRC, market participants, and RO Board.
b) Compliance with State and Local Public Policy:
   o The initiative proponent can put forward a straw proposal or recommend a Work Group to identify and discuss proposals to address compliance with the state/local policy issue.
c) Discretionary Initiatives:
   o Emergent Operational Issues
      ▪ RO staff should develop the straw proposal for stakeholder review.
   o Discrete Initiatives:
      ▪ RO staff are responsible for driving the initiative towards a solution, conducting one or more public stakeholder meetings and comment periods and preparing straw proposals. This is similar to CAISO's current stakeholder process.
      ▪ The SRC sector sponsors may take the lead in the development of a straw proposal.
   o Conceptual Initiatives:
      ▪ Conceptual initiatives from Stage 1 will evolve into discrete initiatives in Stage 2.

The Stage 2 Work Groups are ad-hoc committees. They are created specifically to address the topic of the Work Group and are created and dissolved at the discretion of the SRC. Work Groups may continue work on an initiative for several years and may take on additional topics or initiatives as identified in future Roadmaps if they so choose. Work Group co-chairs may use indicative voting at any time to evaluate progress.

The SRC may create Standing Committees to work on initiatives within broad categories like GHG or other continuing issues.

The RO staff can establish the maximum number of Stage 1 and Stage 2 processes that the RO can support based on the annual budget for stakeholder initiatives and the scope of the initiatives/work groups that are established.[7] RO staff support the Work Groups in coordination with the stakeholder co-chairs. One approach used in other regions that may encourage coordination and collaboration between the RO staff and a Work Group is the use of one stakeholder representative and one RO staff representative as co-chairs (or a chair and vice-chair).

During the policy development phase, the Work Group would continue to assist RO staff with weighing stakeholder input, on an as-needed basis, to help ensure alignment with issue statements developed during the policy development phase. RO staff would retain primary role in weighing/responding to stakeholder comments and formulating proposal revisions for stakeholder consideration.

Once a straw proposal is developed, the SRC should conduct a vote to make a recommendation for RO staff to move the straw proposal (or revised straw proposal, as applicable) to a final proposal, with at least one stakeholder meeting and comment period. The RO staff will develop the final proposal recommendation and the SRC will vote on the final proposal before it moves to the RO Board. All voting results will be part of the recommendation to the RO Board.

3. Initiative Consideration by RO Board

Upon issuance of a Final Proposal by the RO staff and voting by the SRC, the proposal is ready to be presented for approval by the RO Board.

RO staff takes the lead in preparing materials for Board consideration. Those materials should include all voting results and summaries of comments and positions from stakeholders. The SRC provides opinions to the RO Board on key decisional items—most likely discrete initiatives in which the SRC elected to take an advisory role, and Conceptual initiatives. The SRC may:

- Produce documents for the RO Board in connection with policy decisions – e.g., an opinion reflecting stakeholder views on a proposal, identifying open or unresolved issues, and the results of the indicative organization and sector voting (in support of, in opposition to, or neutral on) a policy proposal

---

[7] The RO can identify staffing constraints based on the scope of an initiative (e.g., Bidding above the price cap is small vs. EDAM/DAME that is large) or expertise (e.g., an RO employee may be the SME for both price formation and ancillary services).

- Analyzing and reporting to the RO Board whether the initiative adequately addressed policy priorities identified by stakeholders.

Voting

Voting on initiative prioritization through the Roadmap and at critical junctures in the initiative process has a number of potential benefits for stakeholder engagement, for RO staff and Board awareness about stakeholder views, and in driving consensus towards market enhancements. Voting should be structured to motivate compromise and collaboration.

Voting should not be seen as a substitute for robust stakeholder comments and dialogue. While voting helps identify general support or opposition to a proposal, stakeholder comments help shape and guide an initiative. Comments provide the "why" behind a vote and help RO staff and especially the Board understand if a sector is opposed to the whole initiative or a specific component.[8] Comments continue to be a critical component that provide guidance and direction from stakeholders to the RO on market evolution.

Voting processes should be automated and accommodate virtual voting to enable the maximum number of organizations to vote. Voting results will be made public and should be able to be tabulated across different groups and sub-groups to convey more detailed information. Voting is ultimately advisory or indicative but should serve as influential data for consideration by the RO Board in decision making processes, and significant opposition from a majority of stakeholders to a proposal will typically result in an extension of the stakeholder process unless the RO staff present a sufficiently compelling rational to approve the proposal that is then approved by the RO Board.

1. **Who votes?**

The RO staff can create an automated voting and reporting system that can be used for all voting processes. The primary voting metric (detailed further below) is at the sector level of the nine sectors identified above, and from which SRC seats are populated. While the SRC itself may vote at times as a stakeholder body, a sector's support or opposition is based on the individual votes of stakeholders in that sector. RO staff will ensure the votes are tallied within each sector and then at the sector level.[9] Sector representatives may supply additional information or context about their sector's vote during subsequent meetings of the SRC or RO. In addition, the RO staff

---

[8] For example, in the Price Formation Enhancements – Rules for Bidding Above the Soft Offer Cap stakeholder initiative, many commenters express concerns with the initiative when the proposal was scoped to apply to both the day ahead and real-time (WEIM) markets, while those stakeholders that supported the initiative were focused on the application to the WEIM. Because of these comments, CAISO staff were able to modify the proposal to only apply to the WEIM, creating a final proposal that reflected a consensus position among stakeholders. Without the comments, this middle ground may not have been identified.

[9] In order to avoid situations where only a small portion of a sector actually votes, we seek stakeholder feedback on whether a minimum percentage of eligible voters in each sector could be used for purposes of the remand criteria described below. For example, if less than 30% of the eligible stakeholders in the sector vote, then the sector's vote would still be reported along with every other sector, but the sector would not be counted as part of the remand criteria for that particular vote.

and Board may draw additional insight from the detailed cross-tabulations of votes by subgroup as described below.

The sector votes are based on the results of a vote conducted by all of the registered organizations within each sector. No more frequently than annually, each sector may develop its own threshold for determining the sector-level vote. For example, the organizations in one sector may determine that a simple majority may determine the vote, while another may prefer a 75% threshold. Each individual member of the sector should be able to vote as an input in the sector-level vote.

RO staff is responsible for sharing appropriate background materials, hosting meetings, and providing appropriate links and reminders of the voting system to all stakeholders. SRC representatives should maintain regular communication with the sector members and ensure that engagement opportunities are created for the sector when necessary.

To have a vote, a stakeholder must register in a specific sector with the RO and agree to a code of conduct (or similar formalization of expectations about how to participate) as a stakeholder. There will be no fee for registration. RO staff will establish a process for a stakeholder to modify or cancel their registration as appropriate. Individual stakeholder organizations are responsible for keeping their registration and contact information up to date. Disputes regarding sector assignments will be reviewed by the RO Board (see section above on Sectors). This approach would be distinguishable from the formality of a "membership" and associated agreement. Stakeholders who elect not to agree to a code of conduct and registration could still participate and comment but would not be eligible to vote.

2. When do the groups vote/what are the triggers for voting?

As discussed in the Stakeholder Process section above, at a minimum, votes are conducted at the following stages in the process:

Policy Roadmap process:

1) Catalog/Roadmap prioritization: vote to recommend approval of the Roadmap (Advisory to RO Board)

Work Group/Initiative Process:

1) Problem statement/scope definition: vote to recommend moving forward from Stage 1 (Working Group stage) to Stage 2 (Policy Development) (Advisory to RO staff)
2) Straw proposal/revised straw proposal: vote to recommend moving forward to draft final proposal (Advisory to RO staff)
3) Final proposal: vote to recommend taking to the RO Board for approval (Advisory to RO Board)

Note that some initiatives, such as compliance initiatives, may not pass through all the process above. The RO Board or staff may also call for a vote at other stages of the process at their

discretion. Stakeholders may also propose holding a vote at other stages, and stakeholders as a whole would have to vote to proceed to a vote at such additional stages.

How is the voting used?

The voting is ultimately advisory and provides visibility and information to the SRC, the market operator, other stakeholders, States Committee/BOSR, RO Staff, and the RO Board. Voting is indicative of whether widespread support exists for an initiative/issue and whether any particular sectors or similarly situated subgroups are strongly opposed. All organization votes will be reported and, unless the RO staff and the Board believe the matter is of urgency or further process is unlikely to produce greater consensus, a remand to the stakeholder process would occur if the votes indicate a need for more collaboration or deliberation in order to generate more agreement.

Automatic remand: Although the voting is advisory, specific criteria should be defined to determine a threshold for "significant opposition". If a vote meets these criteria, the expectation is that the proposal would be reworked to address the stakeholder concerns and to achieve broader support, unless the RO staff believe the initiative is time-sensitive and has importance to the justness and reasonableness of the overall market or to address particular circumstances of a market participant or group of participants. If the RO staff believe it is important to proceed with an initiative in the face of to-be-defined criteria of substantial stakeholder opposition, the RO staff should seek and receive approval from the RO Board to continue the process. Similarly, the RO Board retains the flexibility to choose to send an issue/decision back to the stakeholder process even if it did not meet these criteria. A remand to the stakeholder process could apply to a full initiative or part of the initiative if these are severable. Thus, if an initiative had multiple elements, staff would have the discretion about which level or group of elements on which to conduct voting. Voting could either be broken up into each element, or a vote could be taken on the overall initiative and staff could determine which elements need further work based on written and verbal stakeholder comment.

Elective remand: If the RO staff is poised to make a recommendation or RO Board is poised to make a decision that is counter to the recommendation from the stakeholder vote, the Board or staff could elect to send the issue back to the stakeholder process to address the stakeholder concerns prior to outright rejection. One rationale, for example, could be that while a majority of sectors support a proposal, entities that identify with a particular geographic region indicate deep opposition, suggesting a potential acute impact in that region. A combination of automatic and elective remands is a critical element in this working proposal for creating a stronger culture of responsiveness to stakeholders.

Elective override: Alternatively, the RO staff or Board could override the stakeholder majority opinion (or specific "opposition" criteria described below) if the staff or Board decides that a proposal should move forward nonetheless, notwithstanding stakeholder opposition. Such an override should be based on consideration of the Board's overall responsibility for the markets. In that event, the RO Board or staff, as applicable, would have to provide an explanation for the decision, such as an identification of over-riding concerns like protecting consumer interests, addressing time-critical circumstances, or mitigating undue impacts on a particular region or

group of entities. Factors in the decision could include, but not be limited to, opinions from the DMM, MSC or the Independent Market Advisor. Note that RO staff may also present a recommendation to the RO Board which may or may not align with the stakeholder recommendation.

Votes at the scoping and straw proposal stage are advisory to RO staff.

Suggested criteria for "significant opposition":

1) Strong opposition in sectors. Strong opposition is defined as: one third of sectors at 70% or more opposed (percentage refers to the underlying votes in the sector).
2) Lack of consensus. A simple majority of sectors opposes.

What level of voting is visible to the members of the RO Board?

A tabulated report of all underlying votes will be available to the RO Board and will also be made public. This includes information about stakeholder characteristics that can create different stakeholder "groups". Note that this tabulated report and the metrics above reduce the emphasis on sector membership per se by diversifying the ways stakeholders are defined. Potential tabulations include:

- Geography (e.g., Southwest, California, Northwest, Intermountain (or Mountain) West)
- Sector
- Line of business (Participating Transmission Owner, Investor-Owned Utility, Consumer-Owned Utility (cooperative, municipal utility, public utility district, etc.), Power Marketing Administration, Community Choice Aggregator, Independent Marketer, Independent Power Producer, Distributed Energy Resource Provider, Consumer Advocate, Large Load (Commercial or Industrial), Public Interest Organization, etc.)
- Supply and load

Conclusion and Next Steps

As mentioned above, this draft structure is based on feedback from the Stakeholder Process Work Group, the three workshops facilitated by Gridworks, and written stakeholder comments received to date. The Launch Committee is requesting stakeholder feedback on the draft proposed structure put forth in this Discussion Document to help refine and adjust elements to better reflect and represent stakeholder needs. The comment period will be open from August 28-September 11 and comments can be submitted to Comments@WestWidePathwaysInitiative.org.

1- ISSUE IDENTIFICATION AND PRIORITIZATION　　　　**2- STAKEHOLDER INITIATIVE PHASE**　　　**3- RO APPROVAL**

Annual Catalog Proposals:

Compliance/Non-Discretionary Initiatives (RO Identifies)

Catalog problem statement moves to Stage Two*

* For minor corrections or adjustments, RO staff may forgo a full stakeholder process.

Compliance with State and Local Public Policy Initiatives (Any Stakeholder Raises)

Could move to Stage One or Two

Discretionary Initiatives (Any Stakeholder Raises)

Stage One: Issue Evaluation
- SRC identifies sponsors to work with all stakeholders
- Working groups form around catalog issues
- Initial initiative idea becomes discrete problem statement

Refined problem statement moves to Stage Two

Stage Two: Policy Development
- Small ad hoc working groups develop under SRC oversight
- SRC may develop standing committees
- Work group helps RO staff weigh stakeholder input
- Problem statement becomes final proposal, after at least one stakeholder meeting and comment period
- RO staff develops the final proposal and SRC votes before it moves to the RO Board.

Final Proposal Moves to RO Board