



RE: Stakeholder Process

Dear West-Wide Governance Pathways Initiative,

The Clean Energy Buyers Association (CEBA) appreciates the opportunity to provide input on recent workshops hosted by the West-Wide Governance Pathways Initiative (Pathways Initiative) that will inform the refinement of its Step 2 Proposal. We offer these comments in response to the recent Workshops #2 and 3 related to the design of future stakeholder processes:

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

Future policy selection processes developed by the Pathways Initiative should allow stakeholders an active role in both the prioritization and selection of topics for stakeholdering. The recently updated annual policy initiatives roadmap process used by the California Independent System Operator (CAISO) provides promising elements to incorporate. The CAISO roadmap offers forums for robust stakeholder discussion through workshops and roundtables, allows stakeholders to participate in the prioritization of issues, and offers comment opportunities that impact the final roadmap for annual policy initiatives.

Large energy customers, like other non-market participant stakeholder groups, face time and resource barriers that limit their participation in stakeholder processes, despite the large impact market design and operation has on customer costs, reliability considerations, and clean energy access. The Pathways Initiative should build flexibility into policy topic selection by making roundtables and workshops related to policy prioritization public and posting materials online. The process should also be flexible and allow unexpected initiatives or scope changes if new challenges arise.

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

As the Pathways Initiative develops a straw proposal for policy topic selection, the proposal should balance access and efficiency. Any stakeholder should have the ability to raise an issue and building flexibility into stakeholder processes is key to engaging a broader set of stakeholders.

Clean Energy Buyers Association
1425 K St. NW, Suite 1110, Washington, DC 20005
Phone: 888.458.CEBA
info@cebayers.org
cebayers.org



The stakeholder process should recognize that not every problem statement will immediately have an identified solution range and the process should allow early communication of issues impacting stakeholders.

Efficiency can be balanced by providing stakeholders with staff resources that enable the development of policy solutions. For example, in an annual process for developing a work plan, or “roadmap,” future Regional Organization (RO) staff should play a leadership role in managing that process. Not only should staff identify policy priorities alongside stakeholders but also actively develop potential solutions. However, with staff playing a key management role, they will need to provide transparent information indicating how stakeholder input is or is not included in solutions and seek broad feedback on how stakeholder needs are being met. With the RO Board providing the final approval of a work plan or roadmap, they will need this information to understand the final policy priorities and what drove their selection.

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

In addition to managing issue identification, CEBA similarly suggests the Pathways Initiative set up a stakeholder process that incorporates the effort of both the RO staff and engaged stakeholders, depending on the type of problem statement presented.

Dedicated staff will support broader stakeholder engagement by easing the time commitment required. It will also allow stakeholders to focus their effort on communicating how issues impact them, considering a range of potential solutions, and building consensus with others. Staff support should be independent from stakeholder interests, able to move processes forward with fairness and timeliness, and excel at facilitation. The Southwest Power Pool’s (SPP’s) Markets+ process provides a useful example: SPP combines a stakeholder-led process with staff support. Staff support keeps issues moving along timelines and technical experts clarify issues at crucial points, allowing stakeholders to make progress.

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

If an annual process for developing a work plan, or “roadmap,” is used, this formal process should not only select policy priorities but also gather input on which initiatives are fully vetted by stakeholders. There will be some routine market operation decisions that do not require early-stage stakeholder engagement and can be managed by RO staff with more limited opportunity for stakeholder comments. However, stakeholders should have the opportunity to confirm these initiatives are routine, do not substantially impact on them, and do not require detailed discussion



to arrive at an effective solution. As new, urgent issues arise, the RO should still ensure these new priorities are considered on a case-by-case basis to determine if a stakeholder driven process is needed.

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?

CEBA supports the formation of sectors as a part of the Pathways Initiative. Sectors should be used as an informational grouping to aggregate stakeholder views and guide the independent board's decision-making process. This grouping should also facilitate collaboration and cooperation among RO stakeholders.

Sectors should be established in consultation with stakeholders and will likely need to be more granular than sectors in SPP's Markets+ and potentially also more granular than those currently used in the Western Energy Markets Regional Issues Forum. Because a key purpose of sectoral organization is to provide meaningful information to the independent board, sectors should be granular enough that each sector represents a subgroup of members whose interests are meaningfully aligned. For example, large energy customer interests are meaningfully different from others within the public interest and consumer advocate sector. To provide better information to the independent board, more granular sectors (perhaps along the lines of the 10 sectors identified in the Western Power Pool's Western Resource Adequacy Program)¹ are likely needed. Members of a sector should all agree to membership in that sector.

The need for granularity is highlighted in the sectoral organization of Markets+; there were concerns about the effectiveness of the "Independents" sector. The diversity of the membership of this sector (which included independent power producers along with non-governmental organizations and large energy buyers) meant that a vote count at the sector level could mask significant diversity of opinion.

CEBA supports the use of sectoral groupings as a means of analyzing the data from stakeholder votes, as opposed to binding votes that require weighting. Outside of voting, sectors will connect similar stakeholders, develop a community for collaboration, and promote meaningful consensus before voting occurs.



Recognizing the participation barriers that some stakeholder groups face, if sector affiliations are not tied to any binding weighted voting, it could be advantageous to allow a sector to remain empty if there is not a representative or liaison at launch of the market or other times of transition.

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?

Our experience has been that weighted voting or sector allocation requirements can create additional administrative roadblocks without creating clear benefits to the process of rule formation. CEBA recommends the Pathways Initiative explore the options for creating a stakeholder process that uses limited voting among stakeholders as a means of collecting information for the independent board, rather than using voting as a tool to adjudicate differences in opinion. The Pathways Initiative should strive to create a proposal where elements of voting provide clear benefits and not simply extra process.

Ultimately, the RO Board will have final approval over the outcomes of policy initiatives, and it is important that the entire stakeholder process be oriented toward ensuring that RO decision-making is as informed and transparent as possible. For example, when crafting a stakeholder process that relies more heavily on discussion and consensus building, rather than voting structures, it will be important to ensure minority positions are properly documented and the board is receiving enough information to consider the public interest in its decision-making.

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

The wording of this question is a little ambiguous. It could refer to how sectors should organize themselves internally or to how the different sectors should organize themselves to work together.

If the intention is to ask how sectors members should organize themselves internally to work together as a sector, CEBA's recommendation is that this should be left flexible, and each sector should be allowed to find the method of organization that works best for its members.

If the intention is to ask how different sectors should organize themselves to work together, CEBA's recommendation again focuses on flexibility. Sectors should have flexibility to participate (or not participate) in those committees that are of greatest relevance to their concerns. In Markets+, it has sometimes been a challenge to find representatives for each sector able to dedicate the time needed to participate in a committee. If, as we recommend, sectors in the RO are potentially more



granular than in Markets+, we would expect it to be even more likely that not every committee would receive participation from each sector.

As long as committees are open to participation by all interested sectors, lack of representation of a sector on a particular committee is not necessarily a problem. Similarly, if a particular committee is of special interest to a sector, it should be open to participation from as many sector representatives as wish to participate; because voting is indicative, balancing sector representation on individual committees need not be a priority.

General feedback:

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

CEBA does not offer additional comments at this time. The questions presented here are the right issues to collect feedback on before straw proposal development, and we look forward to hearing the experiences and suggestions of others engaged in this process. We are optimistic that the issues uncovered through recent workshops and public comments on the effectiveness of governance and stakeholder processes will spur innovation. Future proposals from the Pathways Initiative should create new processes that establish transparent decision-making and stakeholder buy-in, without unnecessarily sacrificing efficiency.

Sincerely,
/s/ Heidi Ratz
Heidi Ratz
Deputy Director, Market and Policy Innovation
Clean Energy Buyers Association
hartz@cebayers.org
1425 K Street, Suite 1110 Washington, DC 20005

About CEBA

CEBA is a business trade association that activates a community of energy customers and partners to deploy market and policy solutions for a carbon-free energy system. CEBA's more than 400 members represent more than \$7.5 trillion in annual revenues and 18.5 million employees and include institutional energy customers of every type and size – corporate and industrial companies, universities, and cities. CEBA's members include one-fifth of the Fortune 500.

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