

June Meeting

Chair: Hayley Williamson

Chair, Public Utilities Commission of Nevada

Vice-Chair: Gabriel Aguilera

Commissioner, New Mexico Public Regulation Commission

Staff: Bonnie Lamond, Chris Zawora

Western Interstate Energy Board

June 14, 2024

Agenda

- **Welcome Remarks and Announcements** – *Chair Williamson, BOSR Chair*
- **WEIM Nominating Committee Update** – *Commissioner Aguilera, BOSR Vice-Chair*
- **West-Wide Governance Pathways Initiative**
 - Overview of Initiative, Step 1 Update, and Step 2 Preview
 - *Kathleen Staks, Executive Director, Western Freedom, Launch Committee Co-Chair*
 - *Pam Sporborg, Director, Transmission & Market Services, PGE, Launch Committee Co-Chair*
 - Role of the California ISO
 - *Stacey Crowley, Vice President of External Affairs, California ISO*
 - BOSR's Involvement in Governance
 - *Commissioner Tawney, Oregon PUC*
- **Discussion and Next Steps**



WEIM Nominating Committee

Commissioner Aguilera, *BOSR Representative on WEIM Nominating Committee*



Governance Pathways Initiative

Kathleen Staks, *Executive Director, Western Freedom*

Pam Sporborg, *Director, Transmission & Market Services, Portland General Electric*

West-Wide Governance Pathways Initiative

BOSR Update
June 14, 2024



West-Wide Governance Pathways Initiative

An aerial photograph of a river delta, likely the Colorado River, showing intricate patterns of water and land. A solid yellow vertical bar is positioned on the left side of the image. Overlaid on the image is blue text.

**Pam Sporborg, Portland General
Electric**

Kathleen Staks, Western Freedom



Pathways Initiative Background



Launch Committee Mission

The Mission of the Launch Committee of the WWGPI (Committee) is to develop and form a new and independent entity with an **independent governance structure** that is capable of overseeing an expansive suite of West-wide wholesale electricity markets and related functions based on the following core principles:

- The entity should enable the **largest footprint possible that includes California**, and maximizes overall consumer benefits;
- The entity will include **independent governance** for all market operations;
- The new entity will **preserve and build upon existing CAISO market structures** that serve over 80% of the Western Interconnection, including the Western Energy Imbalance Market (WEIM) and the Extended Day Ahead Market (EDAM);
- A primary goal will be to **minimize duplication and incurrence of costs** for both the market operator and market participants; and
- The structure should be flexible to accommodate the future voluntary provisions of **full regional transmission organization (RTO) services** for those entities that desire to do so, but not mandate that any entity must join such a future potential RTO.



Evaluation Criteria

1. **Maximized net benefits**, including reliability, affordability and environmental benefits, recognizing startup and ongoing costs, and considering both new benefits and impacts on existing benefits.
2. **Equitable representation** across the Western region and among all market participants, including for a wide range of legal entities.
3. **A governance structure** independent of any single state, participant, or class of participants.
4. **Organizational flexibility** to accommodate future expansion of regional solutions and to create a credible and timely path to a voluntary RTO, including the balancing authority and transmission planning functions.
5. **Optionality** to allow market participants to choose the market services they value.
6. **Preservation** of existing balancing authorities' ability to maintain independence, authority, and governance.
7. **An implementation timeline** that promotes broad market participation.
8. ***Respect for state authority to set procurement, environmental, reliability and other public interest policies.***



An aerial photograph of a river meandering through a rugged, mountainous terrain. The river is dark and contrasts with the lighter, rocky slopes. The text "Step 1" and "Final Proposal" is overlaid in blue on the center of the image.

Step 1

Final Proposal



Pathways Expands Regional Coordination in Energy Markets But Leaves Other CAISO Functions Untouched



Pathways Initiative

Stepwise Process

Step 1

Elevate WEIM/EDAM Governing Body authority in the governance of existing CAISO energy markets

Step 2

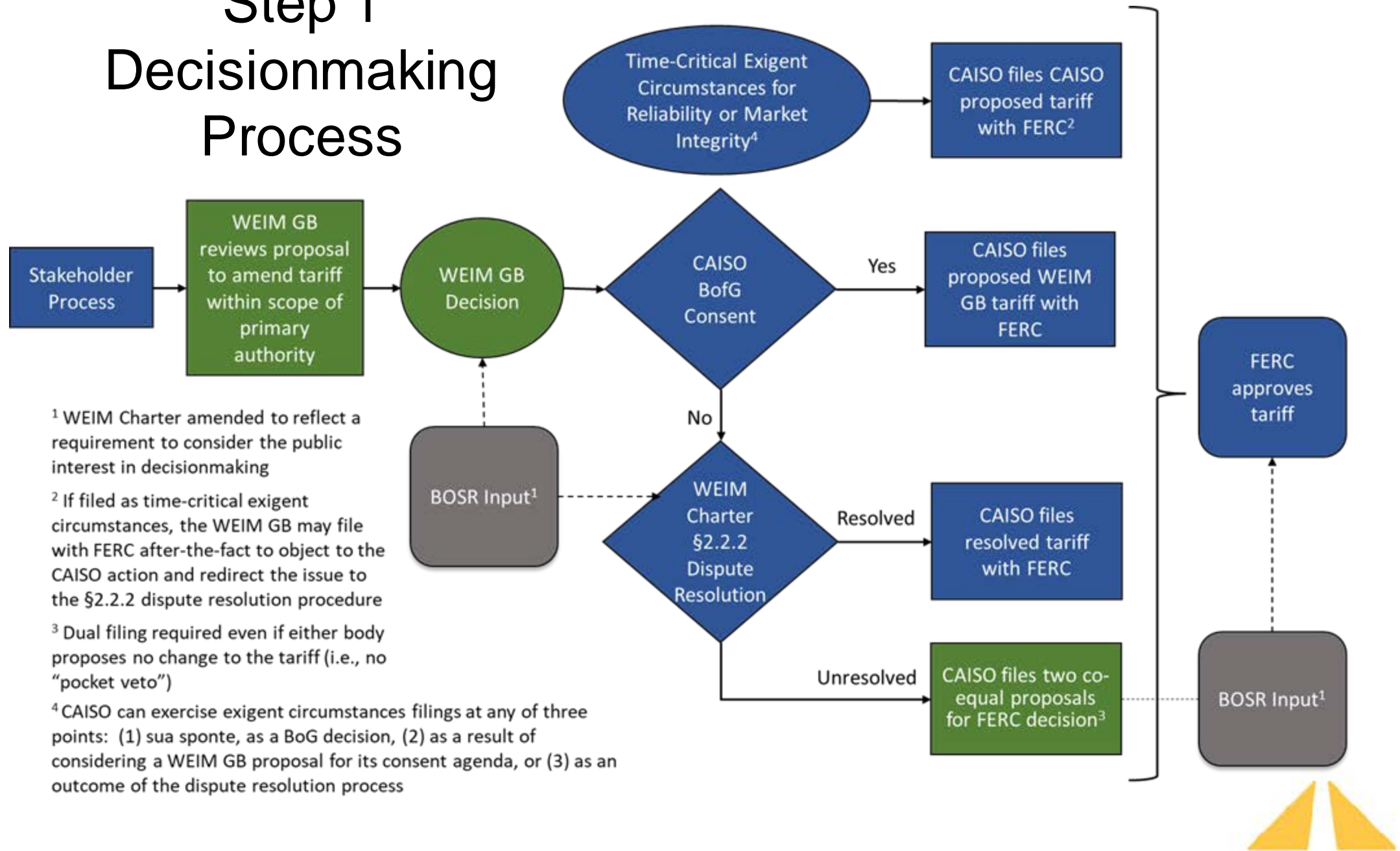
Transfer governance authority over existing energy markets from CAISO to a new Regional Organization

Step 3

Continue expanding the scope of regionalized functions and services offered by the Regional Organization



Step 1 Decisionmaking Process



Integration of Step 1 Comments

Key Changes

- Expand responsibility of WEIM/EDAM Governing Body to respect both “state and local” policies
- Highlight the existing right of WEIM Governing Body to commence a governance review in consultation with the CAISO Board in the event of EDAM exit by a substantial number of EDAM entities
- Clarifications
 - Operation of the dual filing/jump ball process
 - Purpose and operation of the trigger
 - Meaning of “exigent circumstances”
 - Role of the Body of State Regulators
 - “Applies to” test for determining the scope of Joint Authority
 - Existing WEIM Charter §2.2.2 dispute resolution process



CAISO Step 1 Stakeholder Process/Timeline

- On June 5, 2024, the Launch Committee of the Pathways Initiative submitted for consideration its Step 1 Recommendation to the ISO Board Chair Jan Schori and the WEIM Governing Body Chair Andrew Campbell.
- The Chairs have directed management to initiate a stakeholder process to consider the recommendation and bring a proposal to the ISO Board and WEIM Governing Body to consider for a vote in mid to late September, 2024.
 - Public stakeholder call June 18 from 1:30-3:30 PT
 - Written comments due July 10
- Launch Committee will be involved, presenting the proposal during the public call and reviewing comments
 - Encourage robust engagement from stakeholders during the comment period; offer support for additional meetings with stakeholders (potentially BOSR and RIF forums) as needed
- Governance documents and tariff changes would be drafted and brought for decision at later date, closer to trigger being met



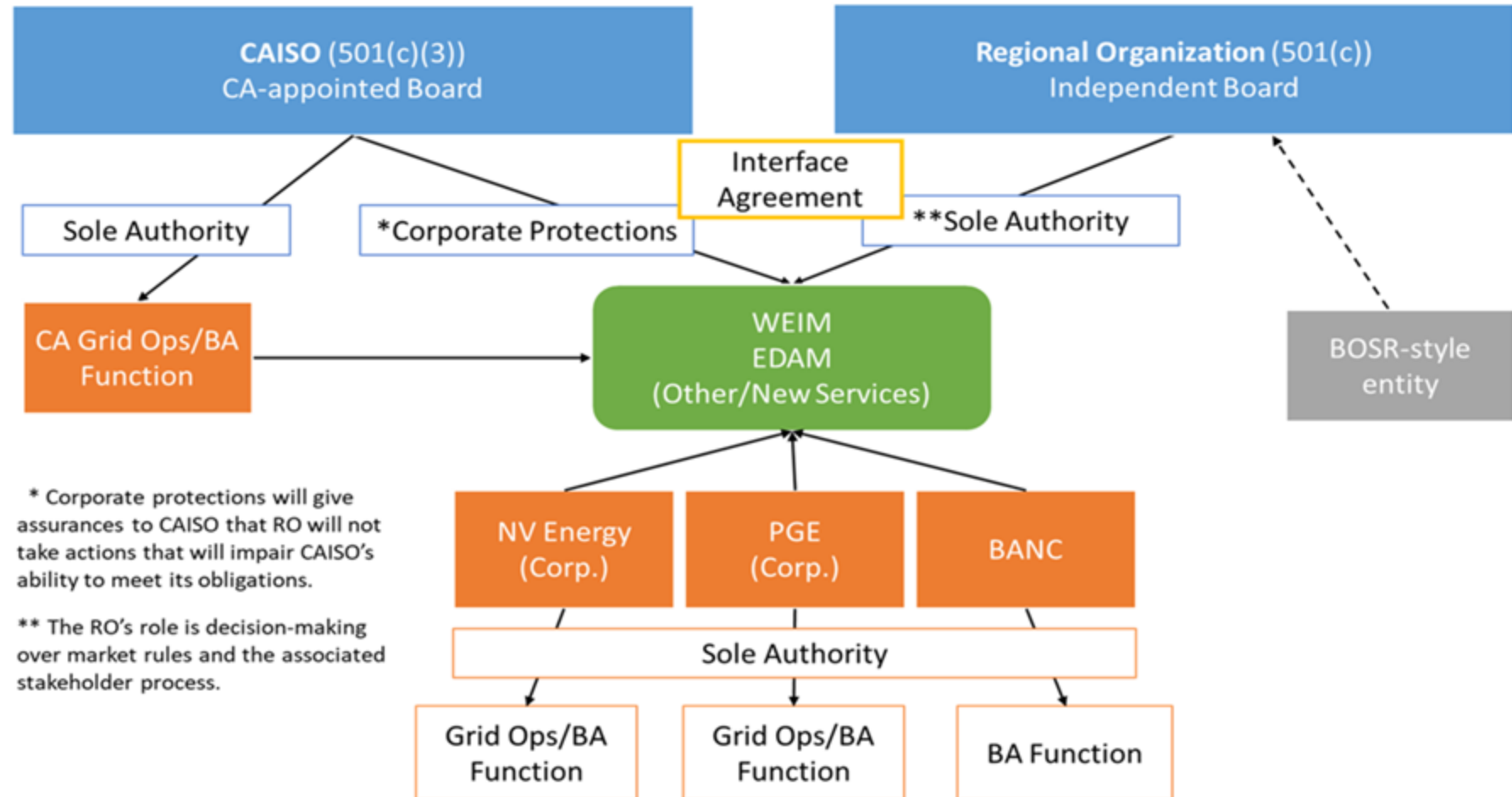


Step 2 Overview



STEP 2/Option 2.0

New RO with “Sole” Authority Over Market Governance

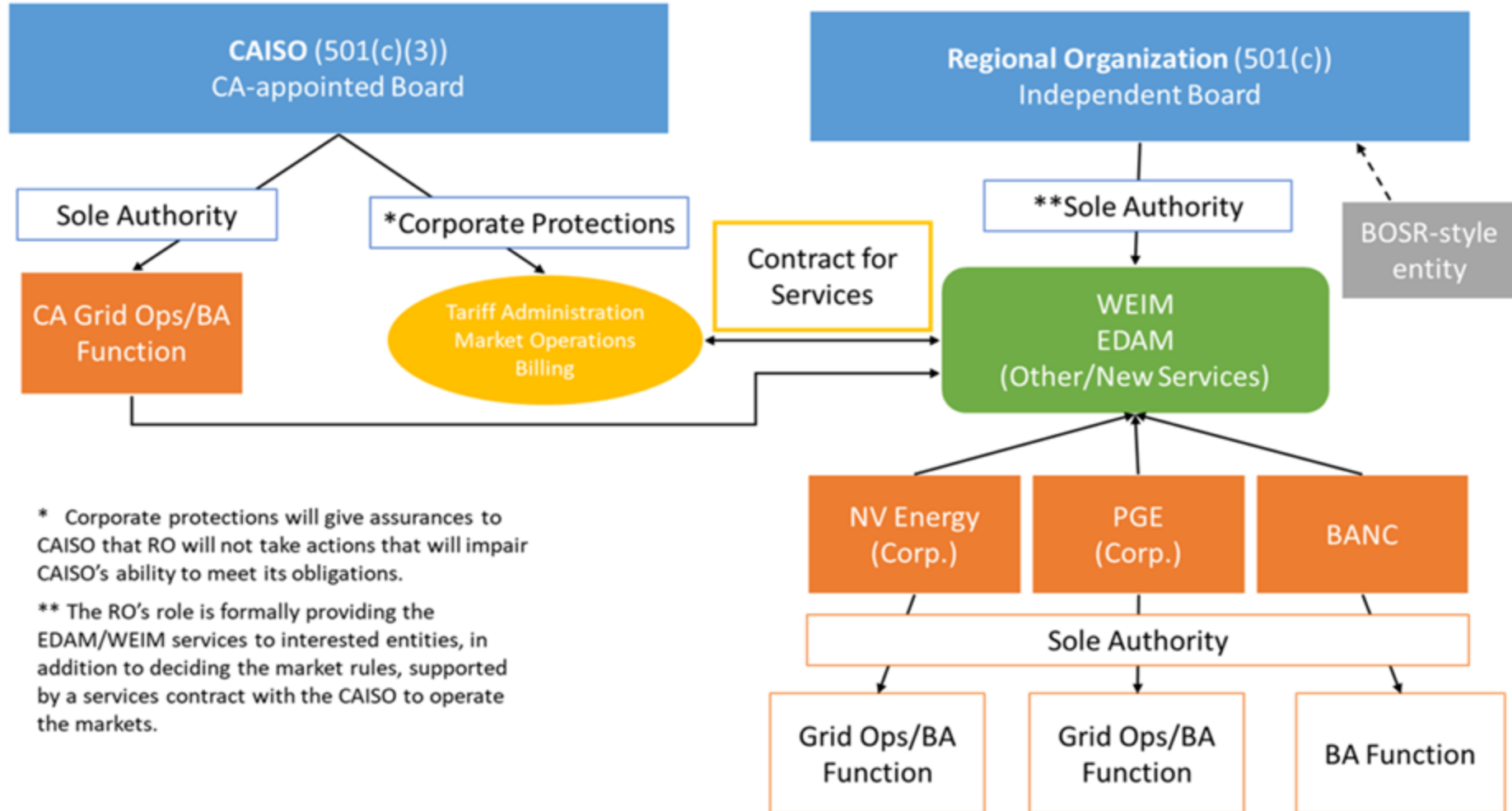


* Corporate protections will give assurances to CAISO that RO will not take actions that will impair CAISO's ability to meet its obligations.

** The RO's role is decision-making over market rules and the associated stakeholder process.

STEP 2/Option 2.5

New RO with “Sole” Authority Over *Market Governance & Operations*



* Corporate protections will give assurances to CAISO that RO will not take actions that will impair CAISO's ability to meet its obligations.

** The RO's role is formally providing the EDAM/WEIM services to interested entities, in addition to deciding the market rules, supported by a services contract with the CAISO to operate the markets.





Phase II/Step 2 Work Plan and Timeline



Next Steps

- Refine and finalize Step 2 with stakeholder workshops and collaboration with CAISO staff
- Step 2 final recommendation: Sept./Oct.
- Formation Committee to work on RO Initiation: Jan. - Sept. 2025
- CA legislative engagement (ongoing): 2025 legislative session



Phase II Work Plan

- Phase II of the Pathways Initiative will consist of refining the Step 2 proposal, and run from June-December 2024.
- Step 2 has numerous open questions and remains under development as described in the straw proposal.
- Step 2 Work Streams have been created, with two leads assigned to each, to address open issues.
- Some topics will be addressed in public virtual workshops (topics and dates still under development) during the summer, open to all stakeholders.
- The Stakeholder Process Work Stream will be addressed through an independently facilitated process to structure more opportunities for stakeholder participation.



Step 2 Work Streams and Leads

- Stakeholder Process:
 - Leads: Pam Spborg and Kathleen Staks
 - Example issues: policy topic framing, sector-based approaches
- CAISO Issues:
 - Leads: Spencer Gray and Evelyn Kahl
 - Example issues: RO financial liability, contract privity
- Existing Tariff Analysis:
 - Leads: Tony Braun and Scott Ranzal
 - Example issue: balancing authority function identification
- Public Interest Issues:
 - Leads: Carl Linvill and Kathleen Staks
 - Example issue: BOSR evolution, consumer advocate participation
- RO Formation:
 - Leads: Lisa Hickey and Evelyn Kahl
 - Example issue: form of incorporation
- RO Governance:
 - Leads: Jim Shetler and Jan Smutny-Jones
 - Example issues: RO board nomination, RO funding source





Thank You.



West-Wide Governance Pathways Initiative

Governance Pathways Initiative

Role of the ISO

Stacey Crowley, *Vice President of External Affairs, California ISO*



Governance Pathways Initiative

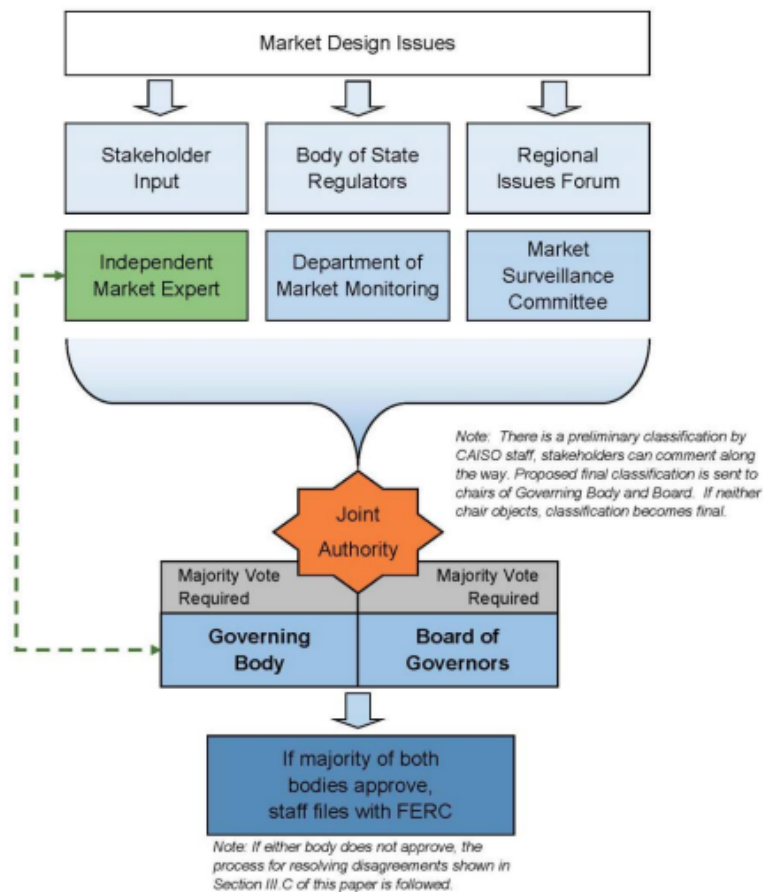
BOSR's Involvement in Governance

Commissioner Tawney, *Oregon Public Utilities Commission*

Governance Pathways Initiative

Current Governance Structure

Governing Body and Board of Governors Joint Decision Process



Governance Pathways Initiative

BOSR Engagement

BOSR – Living in the Role

- 2017 – Independent staffing
- 2018/19 – Learning about other states committees
- 2019 – Voting seat on the Governance Review Committee
- 2021 – Stable funding outside the Western EIM Tariff and added Public Power Liaisons, Charter updated, and hired a market expert
- 2022 – Substantive comments on EDAM design, engagement on EDAM Governance
- 2023 – Substantive engagement and learning on topical issues
- 2024 – Weighing in on Policy Catalogue

BOSR in Pathways Initiative

- Representing the public interest

Upcoming Dates

- **June 18: West-Wide Governance Pathways – Step 1 Meeting**
- June 20: Western EIM Governing Body Meeting in Boise, Idaho
- June 20: RIF Meeting in Boise, Idaho
- June 26: Survey responses for 2024 Draft Policy Catalog due
- **July 10: West-Wide Governance Pathways – Step 1 Comments Due**
- July 12: BOSR July Meeting

2024 Draft Policy Catalog

- **CAISO survey ([link](#)) seeking stakeholder initiative priorities**
 - Can nominate one category as top priority
 - A/S, DR, RA, transmission, WEIM, etc.
 - Two individual initiatives as top priorities
 - Rank remaining initiatives as support, neutral or oppose
- **Survey responses due June 26**
- **Final Policy Catalog will be published early July**