



Pathways Stakeholder Process
Workshop #1

Stakeholder Engagement Processes

Considerations for a Western Regional Organization

July 11, 2024
9AM-11AM PT / 10AM-12PM MT / 11AM-1PM CT
Virtual / Zoom

INTRODUCTIONS & AGENDA

#	Topic	Duration
1	Welcome and Housekeeping	20 min
2	Research Brief: Stakeholder Engagement Processes	40 min
<i>BREAK</i>		5 min
4	Discussion	50 min
5	Next Steps and Closing	5 min

Introductions:

- Name
- Organization
- Share one nice thing about a place in the West that is outside of your home state

DESIRED OUTCOMES

- A. **A shared starting point:** Participants are introduced to basic stakeholder engagement processes used by organizations and initiatives comparable to the Regional Organization
- B. **Reflections:** Participants share observations and reflections on what stakeholder engagement processes used by organizations and initiatives comparable to the Regional Organization suggest for our work here
- C. **Confirming next steps:** Participants provide input on the core questions to address via this workshop series

WORKSHOP SERIES OVERVIEW

- Four (4) Facilitated Stakeholder Workshops
- Core Question: How best to structure the stakeholder process for providing input into the Regional Organization's consideration of market rules?
- Meeting Platform: Virtual, Zoom
- Meeting Duration: 2-3 hours each, adjusted as needed
- Meetings will be interactive. Less presentation and response; more discussion around key questions.

WORKSHOP SERIES SCHEDULE

Workshop	Topic	Date
1	Introduction to Briefing Document and Discussion	July 11
2	How could issues and solutions before the Regional Organization get raised? Who leads?	July 24
3	What could a sector-based committee and voting structure add?	August 2
<i>Stakeholder Comments on Meetings 1-3</i>		August 2-16
4	Reviewing a Draft Stakeholder Engagement Straw Proposal	August 28
<i>Stakeholder Comments on Meeting 4 & Straw Proposal</i>		Aug. 28- Sept. 11

Research Brief Overview

Overview

*With the launch of the [Regional Organization] (RO), the Launch Committee recognizes the **opportunity to re-evaluate how stakeholders engage** with and help shape WEIM/EDAM [Western Energy Imbalance Market/Extended Day Ahead Market] rules. Recent experiences in the West with greater stakeholder involvement in regional decision-making indicate a strong desire from some sectors for **consideration of new meaningful ways for stakeholders to shape the rules and implementation practices of regional energy markets and other programs.***

West Wide Governance Pathways Initiative Phase 1 Straw Proposal (April 2024)

Purpose of the Research Brief

Document and synthesize the stakeholder engagement practices of organizations and initiatives comparable to the envisioned RO

Offer questions for stakeholders to consider as the Pathways stakeholder engagement workstream advances

Support upcoming workshops among stakeholders with a shared interest in the envisioned RO

Organizations Studied



Key Sources



R Street

Free markets. Real solutions.

R STREET POLICY STUDY NO. 112
October 2017

HOW THE RTO STAKEHOLDER PROCESS AFFECTS MARKET EFFICIENCY

Mark James, Kevin B. Jones, Ashleigh H. Krick and Rikaela R. Greane

INTRODUCTION

This white paper analyzes the role that the regional transmission organization (RTO) and independent system operator (ISO) stakeholder governance process plays in ensuring the competitiveness and efficiency of a wholesale electric market. In the United States, RTOs and ISOs maintain operational control of the regional electric transmission grids, operate the regional competitive electric markets and plan for future grid expansion, while maintaining open access to a reliable electricity system. This paper reviews the stakeholder governance processes in the six jurisdictions RTOs and ISOs of the Federal Energy Regulatory Commission (FERC): the Midwest Independent System Operator (MISO), the Southwest Power Pool (SPP),

1. Unlike RTOs and ISOs, which are subject to federal oversight, state utilities are not subject to federal oversight. In the United States, RTOs and ISOs are subject to federal oversight. In the United States, RTOs and ISOs are subject to federal oversight. In the United States, RTOs and ISOs are subject to federal oversight.

2. The paper defines the stakeholder governance process as the process by which stakeholders in the RTO/ISO stakeholder governance process interact to develop and implement RTO/ISO policies and procedures. The paper defines the stakeholder governance process as the process by which stakeholders in the RTO/ISO stakeholder governance process interact to develop and implement RTO/ISO policies and procedures.

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Contents lists available at [ScienceDirect](https://www.sciencedirect.com)

Energy Research & Social Science

journal homepage: www.elsevier.com/locate/erss





Review

Participatory democracy in dynamic contexts: A review of regional transmission organization governance in the United States

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^b School of Public Service, Boise State University, 1910 University Drive, Boise State University, Boise, ID 83725, USA



NARUC
National Association of Regulatory Utility Commissioners

Public Utility Commission Stakeholder Engagement: A Decision-Making Framework



Jasmine McAdams
January 2021

Shaping Stakeholder Engagement

FERC Order 719: Stakeholder Engagement Criteria

Each RTO and ISO must have practices and procedures that ensure that its board of directors is responsive to customers and other stakeholders

Inclusiveness

Bring the views of all customers or other stakeholders before the board

Fairness on Balancing Diverse Interests

Reflect the full range of competing interests that may be affected



Representation of Minority Positions

Have confidence in the decisions that come out of the RTO and ISO processes

Ongoing Responsiveness

Continue over time to consider customer and stakeholder needs



Regulatory Context: NARUC Stakeholder Engagement Framework

FIGURE 1. *NARUC Stakeholder Engagement Design Elements*¹⁸



Dimensions of Stakeholder Engagement

Breadth of Actors Involved

- Passive or active recruitment to engage a balanced and representative stakeholder group
- Sector definitions

Shared Authority Granted to Participants

- Are stakeholders informed, consulted, and/or empowered as central actors?
- Governance structure

Communication and Decision-Making Approaches

- Direction of information flow
- Mechanisms for developing collective choices (e.g., voting)

Stakeholder Governance Process Types

Advisory

Used by: ISO-NE, MISO, SPP, CAISO

Proposals for market rules and tariff changes are reviewed through a stakeholder process

- SPP: Board meets concurrently with the Members Committee
- ISO-NE: Proposals with 60% member support must be filed by the board
- CAISO: Informal stakeholder process with governor-appointed board

Shared Governance

Used by: NYISO and PJM

Stakeholders and boards must both approve a market rule change proposal before filing at FERC

- NYISO: Consensus required between board and members
- PJM: Authority divided between board, transmission owners, and members



Defining Stakeholder Roles

Under any stakeholder governance process type, stakeholders engage in:

- Ideating
- Proposing
- Listening
- Learning
- Collaborating
- Coordinating
- Evaluating
- Commenting
- Negotiating
- Editing

Conclusion of an issue can also involve:

- Consensus-building
- Compromising
- Group decision-making

Comparison of Stakeholder Roles Across RTOS

Common Practices

- Nearly all RTOs and ISO leverage a committee structure to engage with stakeholders. Typically, a senior-level committee serves as a clearinghouse for stakeholder proposals. Examples:
 - SPP Markets+ Participant Executive Committee
 - WRAP Program Review Committee
 - MISO Advisory Committee
 - PJM Members Committee
 - NYISO Management Committee
 - NEPOOL Participants Committee
- Each RTO/ISO employs a different total number and structure of committees
- [Appendix B.1](#) compares recent stakeholder engagement initiatives and ongoing advisory committee practices

Table 5 from Lenhart and Fox (2021)

	Stronger State and More Informal Stakeholder Power		Moderate State and Moderate Stakeholder Power		Weaker State and More Formal Stakeholder Power		
	CAISO	ERCOT	MISO	SPP	ISO-NE	NYISO	PJM
Restructuring: resource adequacy/ retail choice	State-regulated/ Partial choice	State-regulated/ Choice	Voluntary mkt./No choice	Multi-state/No choice	Mandatory mkt./ Choice	Mandatory mkt./Choice	Mandatory mkt./ Choice
Number of sectors	NA	7	10 ^a	10	6	5	5
Voting weight/ participant share: transmission & gen. ^b	Open self-selection	27%/10% 2.6	28%/43% 0.9	50%/48% 1.2	33%/7% 4.9	42%/25% 1.7	40%/26% 1.6
Access ^c	Open	Open	Open	Open	Closed board/ Members-only committee	Closed to non-members	Closed board/Open members committee
Agenda setting	Any stakeholder	Any stakeholder	Any stakeholder	Staff, members, states, or market participants	Staff, members, or states	Members	Committees
Information rules ^d	Publicly available	Publicly available	Publicly available	Publicly available	Board info. Unavailable	Publicly available	Board info. Unavailable
Committee structure/ voting threshold ^e	None	Representative/ Supermajority	Representative/ Simple Majority	Representative/ Supermajority	Plenary/ Supermajority	Plenary/ Supermajority	Plenary/ Supermajority
Stakeholder authority	Emergent	Advisory	Advisory	Advisory	Competing	Consensus	Divided
State authority	Statutory	Statutory	Delegated	Delegated	Advisory	Advisory	Advisory

^a MISO is reconsidering its stakeholder structure and has an affiliate sector in place during this process.

^b Shares and ratio of transmission and generation owners and developers voting weight and number of participants as a share of the total number of participants.

^c Boards and committees retain authority to meet in executive session. ISO-NE, NYISO, and PJM meet with members in non-decisional liaison committee meetings.

^d Board and members committee minutes, materials, written comments, and individual or pass/fail votes posted publicly. ISO-NE and PJM make summaries of board meeting minutes available, and PJM makes written comments to the board available.

^e NYISO decisions require a supermajority of 58%. All other supermajority thresholds are 66%.

Membership Sectors

CAISO	SPP	WRAP	MISO	PJM	NYISO	ISO-NE
None	<ol style="list-style-type: none"> 1. IPPs 2. Independent transmission companies 3. IOUs 4. Fed agencies 5. Marketers 6. Coops 7. Munis 8. State agencies 9. SPP contract participants 	<ol style="list-style-type: none"> 1. IOUs 2. POUs 3. LSE 4. Fed Power Marketing Administration 5. IPPs and marketers 6. Public interest orgs 7. Retail customer advocacy group 8. Industrial customer advocacy group 9. LSE represented by other Load Responsible Entity (LRE) 10. Committee of State Representatives 	<ol style="list-style-type: none"> 1. IPPs and EWGs 2. Transmission owners 3. TDUs, coops, and munis 4. Transmission developers 5. Power marketers 6. Eligible end use customers 7. Coordinating members 8. State reg. authorities 9. Public consumer advocates 10. Environmental 11. Affiliates 	<ol style="list-style-type: none"> 1. Generation owners 2. Other suppliers 3. Transmission owners 4. Electric distributors 5. End use customers 	<ol style="list-style-type: none"> 1. Generation owners 2. Other suppliers 3. Transmission owners 4. End use customers 5. Public power/ environmental 6. Non-voting members 	<ol style="list-style-type: none"> 1. Generation 2. Suppliers 3. Transmission 4. Publicly owned 5. Alternative resources

Share of Members in Sectors Across RTOs

FIGURE 4. Share of Members in Sector Categories by RTO³⁰

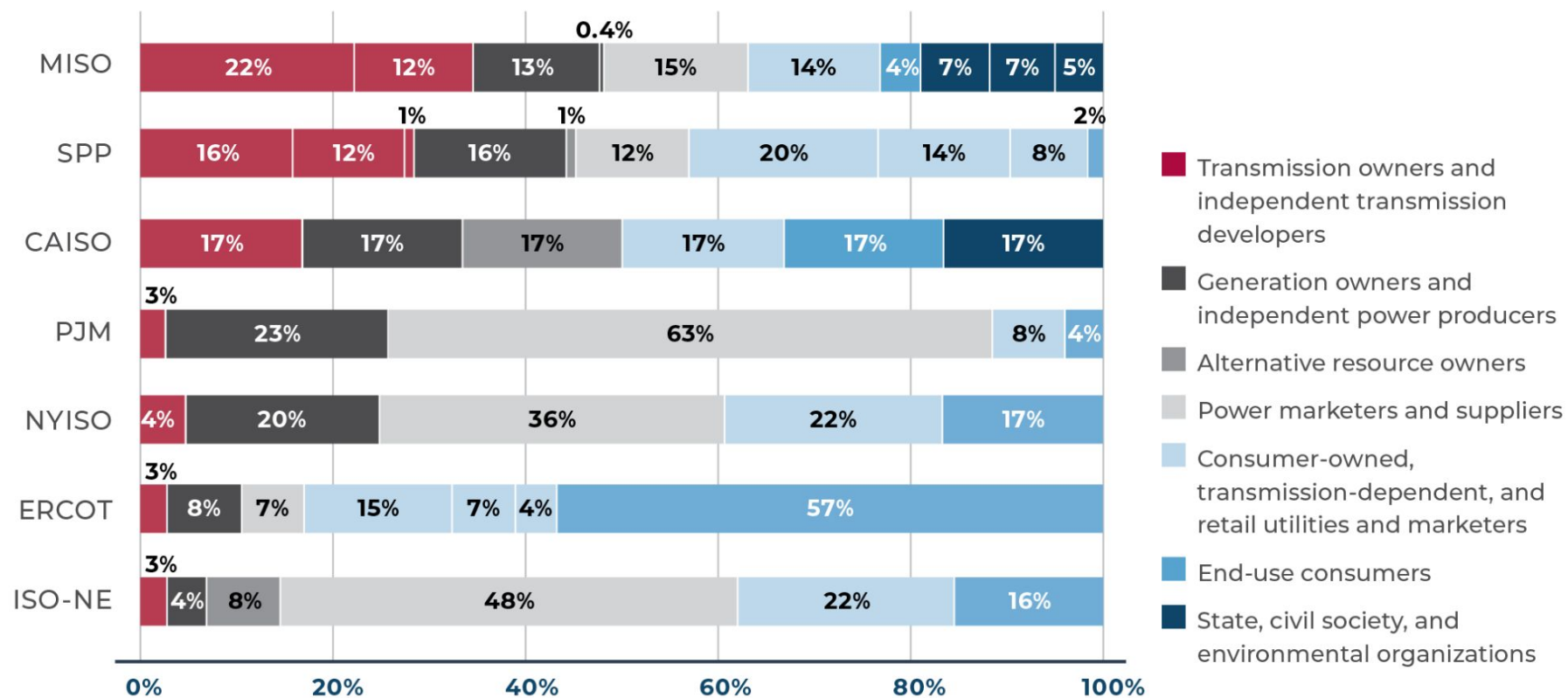


FIGURE 12. *CAISO Annual Policy Initiative Catalog and Roadmap Process*³⁸

- JAN** ●—— Level-setting stakeholder workshops
- FEB** ●—— Stakeholders submit potential discretionary initiatives
- MAR** ●—— Regional Issues Forum Roundtable
- APRIL** ●—— Stakeholder prioritization workshop
Draft Annual Catalog published for stakeholder comment
- MAY** ●—— Final Annual Catalog published
- SEP** ●—— Draft Policy Roadmap published for stakeholder comment
- DEC** ●—— Final Roadmap published

Issue Identification and Prioritization - SPP

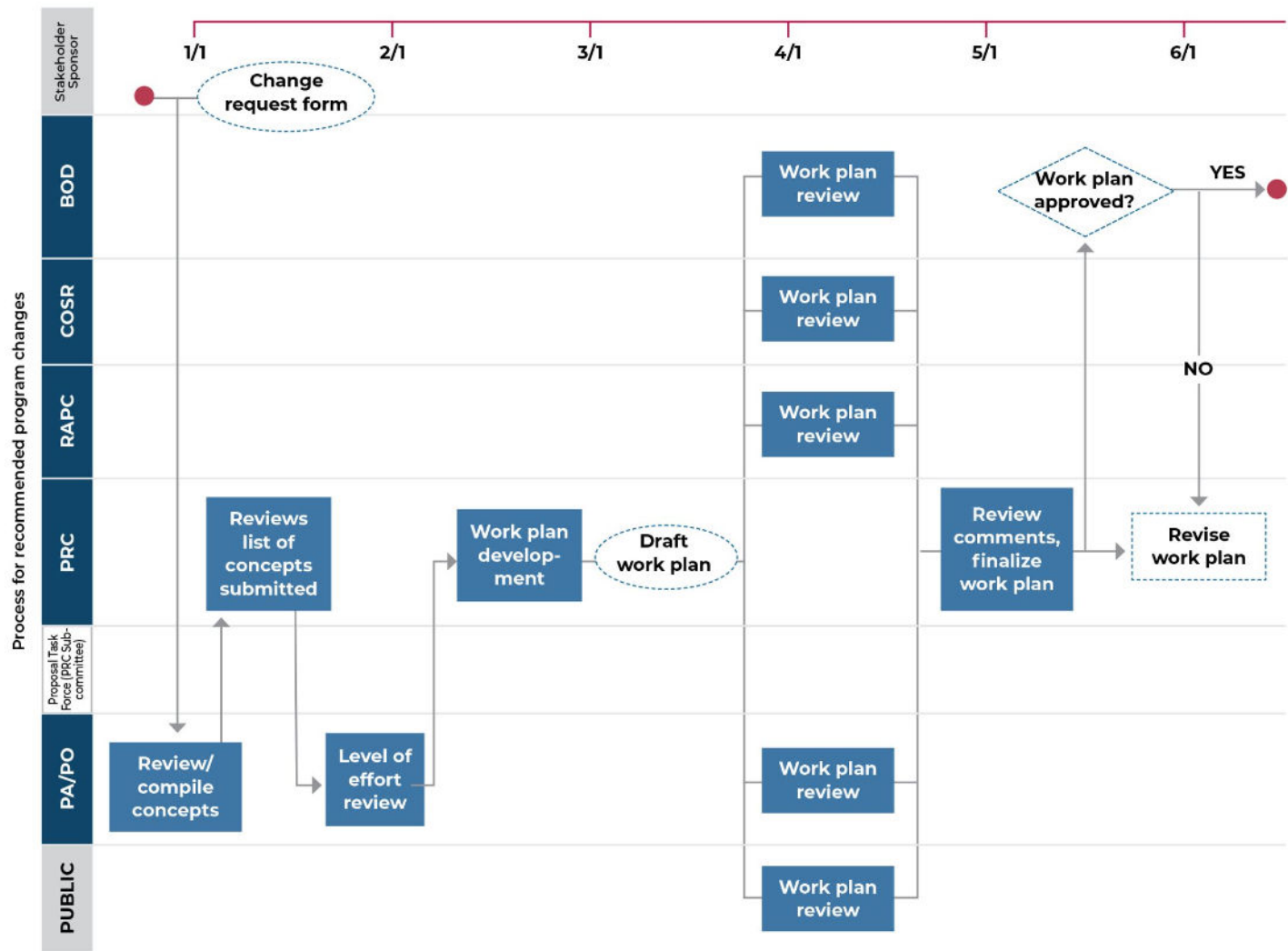
SPP's stakeholder prioritization process includes:

1. Revision Request and Enhancement submission via the Request Management System;
2. Assessment of initial priority by staff and/or working group;
3. Publication of the SPP Portfolio Report;
4. Stakeholder comment period;
5. Open Stakeholder Prioritization Quarterly Meeting;
6. Post-quarterly meeting portfolio adjustments, as needed; and
7. Publication of the Adjusted Portfolio report

Factors assessed: level of complexity, severity, and cost

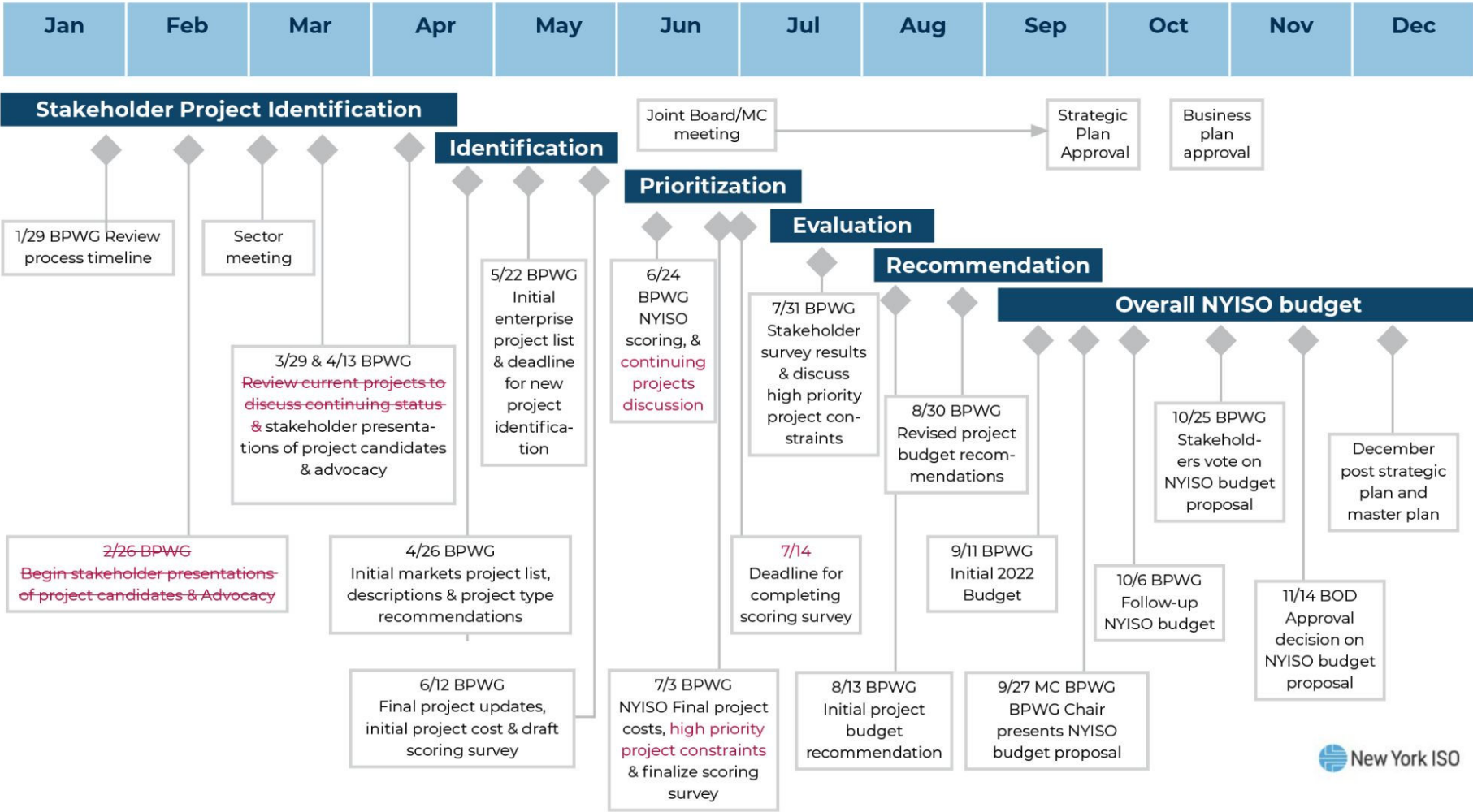
Issue Identification and Prioritization - WRAP

FIGURE 13. WRAP Program Review Committee Work Plan Development Process⁴¹



Issue Identification and Prioritization - NYISO

FIGURE 15. NYISO 2025 Proposed Project Prioritization Timeline⁴⁴



Issue Identification and Prioritization - NEPOOL

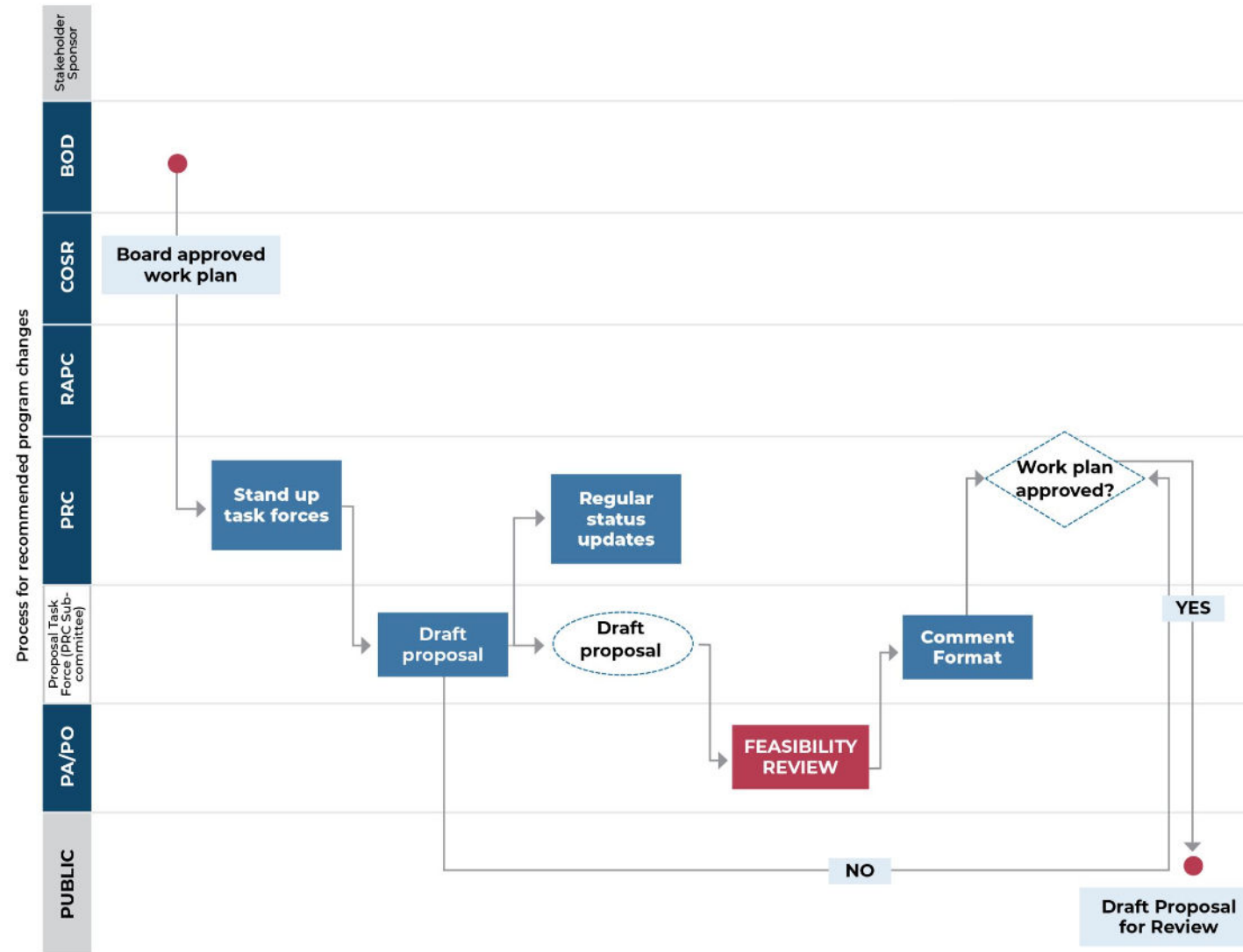
To develop the ISO-NE's 2024 Annual Work Plan, NEPOOL leadership:

- Worked with members across the six sectors to identify key priority items
- Considered NEPOOL-wide priorities in parallel with NEPOOL's and the States' review and consideration of the 2024 ISO-NE budget

ISO-NE included all of NEPOOL's high priority items in its 2024 Annual Work Plan

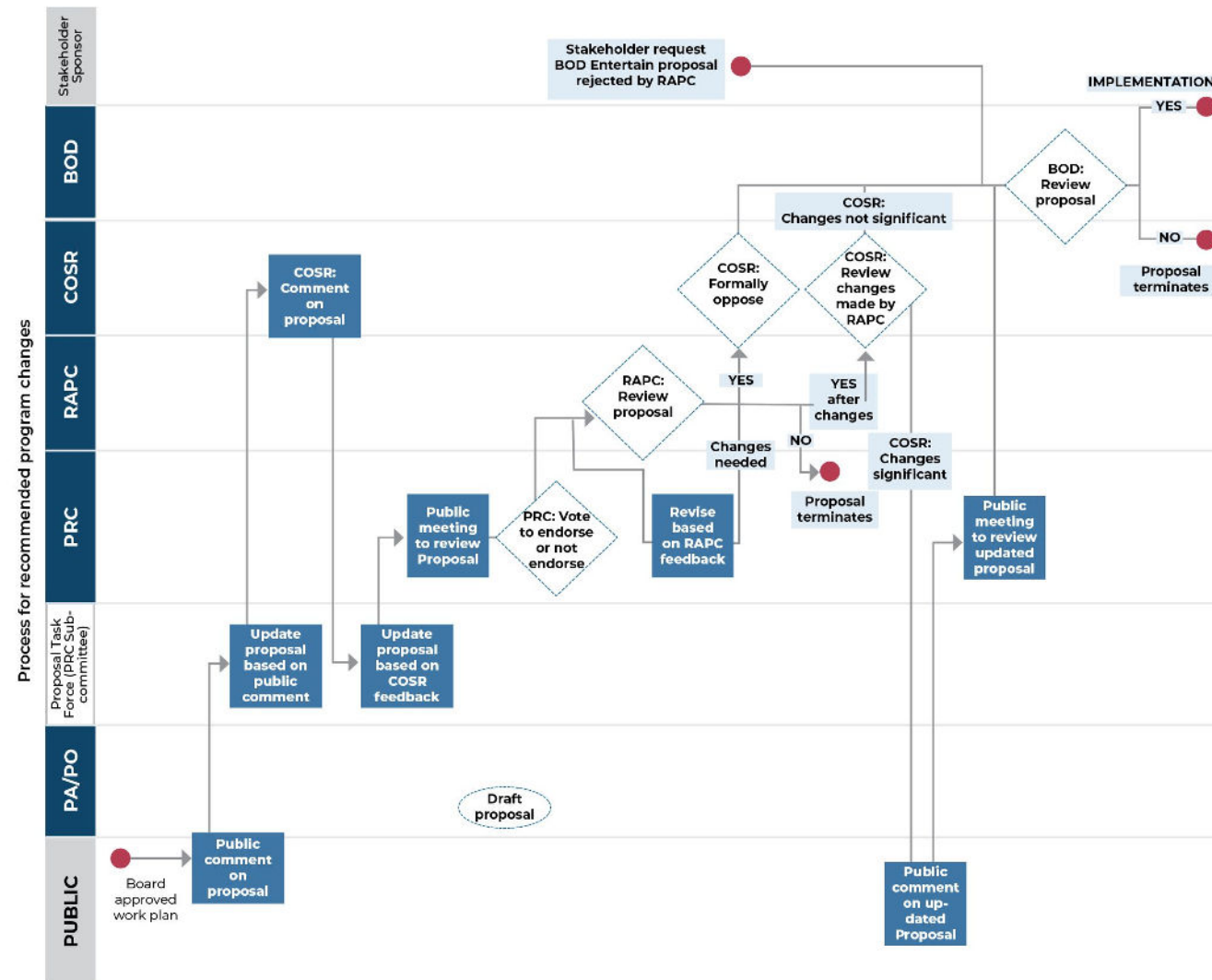
Moving an Issue - WRAP

FIGURE 16. WRAP Program Review Committee Proposal Development Process⁴⁷



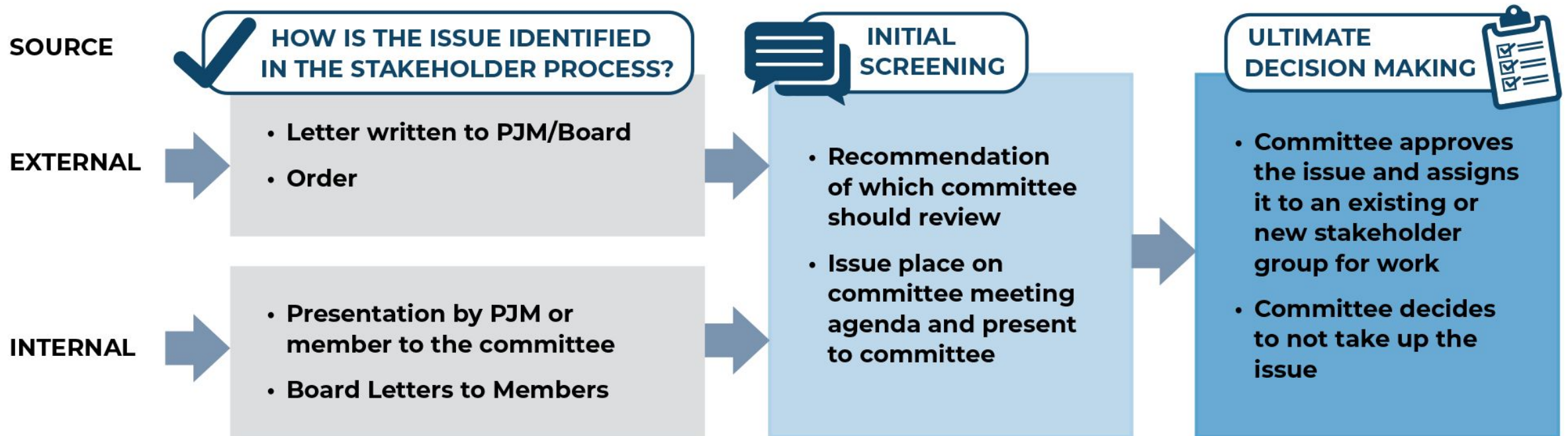
Moving an Issue - WRAP

FIGURE 17. WRAP Program Review Committee Proposal Review Process⁴⁸



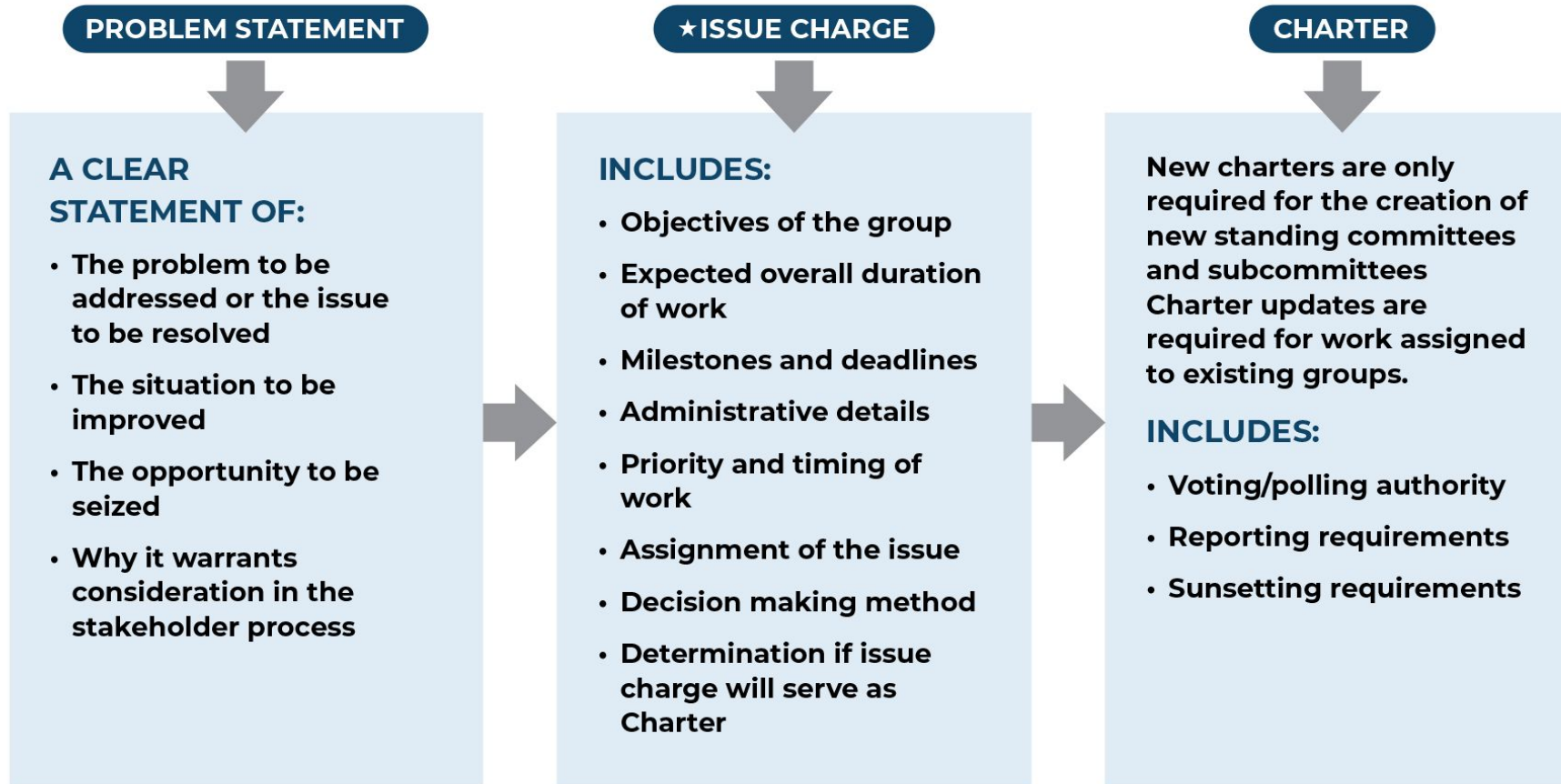
Moving an Issue - PJM

FIGURE 18. *PJM Issue Initiation Process*⁴⁹



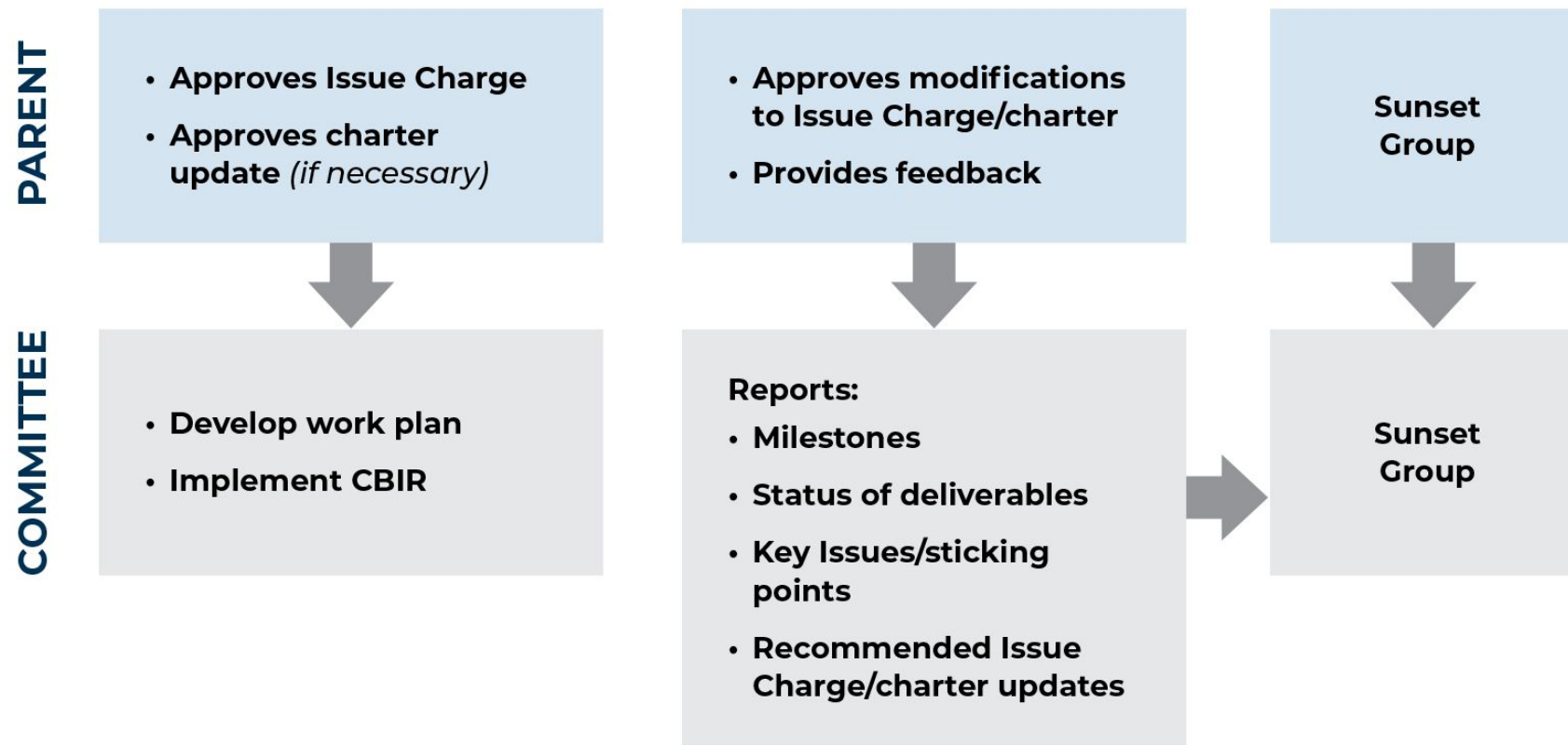
Moving an Issue - PJM

FIGURE 19. *PJM Key Issue Initiating Documents*⁵⁰



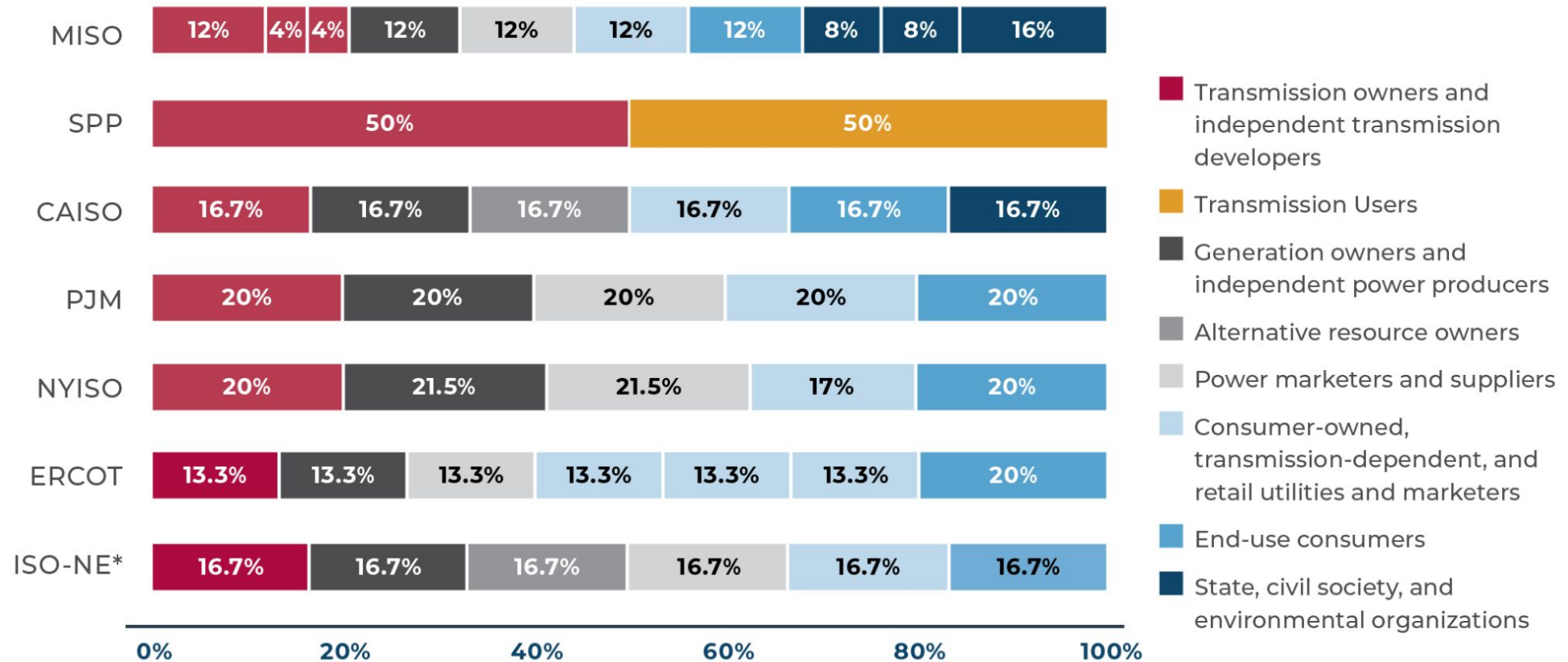
Moving an Issue - PJM

FIGURE 20. *PJM Issue Lifecycle*⁵¹



Sector-Weighted Voting

FIGURE 21. Weighted-voting Allocation by Generalized Sector Category in Each RTO⁵⁴



Common Concerns with Stakeholder Engagement Processes

- Lack of transparency and accountability
- Significant time and money required
- Incumbent utility power dominance
- Coalition/block voting
- Tendency towards "second best" solutions
- Principal-agent problem

BREAK



Discussion



REFLECTING ON STAKEHOLDER PROCESSES

1. Please name one similarity and one difference between the stakeholder engagement processes presented that stands out to you.
2. Which of the processes that were presented makes you feel most comfortable? Which process is most challenging to you?
3. What appears to be the central issue or key challenge facing us in developing this stakeholder engagement process?
4. If we work through the seven questions identified below together, will our inquiry be comprehensive?

KEY QUESTIONS

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?
4. Voting: does stakeholder engagement include voting? If so, how frequently should sector-based voting be scheduled?
5. Sector definitions: how should sectors be established and defined and weighted for voting purposes?
6. Standing and ad hoc committee status: what sort of forums or committees do sectors use to organize themselves?
7. Selectivity of bottoms-up stakeholdering: how often and (possibly) through what nomination process are topics subject to a stakeholder-driven process?

NEXT STEPS

1. Today's discussion will be documented in a report that will inform the Draft Stakeholder Engagement Straw Proposal
2. Next Workshop:
 - **Date:** July 24, 2024
 - **Time:** 9am-noon PT / 10am-1pm MT / 11am-2pm CT
 - **Topic:** How could issues and solutions before the Regional Organization get raised? Who leads?
3. Stakeholder comments on Workshops 1-3 will be solicited after Workshop 3

TITLE



HOW CAN WE HELP?

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