



January 12, 2024

Comments from the Northwest & Intermountain Power Producers Coalition on the West-Wide Governance Pathways Initiative (“Pathways”) Launch Committee’s Initial Evaluation Framework for Pathways Options (“Evaluation Framework”)

The Northwest & Intermountain Power Producers Coalition (NIPPC)¹ submits these comments in response to the Evaluation Framework paper released by the Pathways Launch Committee on December 15, 2023. As an alternate member of the Launch Committee representing independent power producers and competitive marketers, NIPPC appreciates the diligent work by the Launch Committee to prepare and present the Evaluation Framework, as well as the supporting administrative apparatus of Pathways that the Launch Committee has erected.

NIPPC responds specifically to the questions posed in the paper.

- 1. Do the proposed evaluation criteria support a constructive and thorough assessment of the options?*

NIPPC generally supports the proposed evaluation criteria and remains open to clarifying any given criterion in response to stakeholder input. Taken as a whole, the criteria appropriately address a range of high-priority considerations of a diverse array of market participants, stakeholders, states, and regulators.

- 2. Are the bookends reasonably defined to set the boundaries for a timely, productive exploration of available structural alternatives to governing autonomy?*

Yes, the bookends are appropriately defined and provide a wide space for various options that would meaningfully increase autonomous governance of wholesale markets and related services in the West, up to and including a potential regional transmission organization at some future date.

¹ NIPPC is a membership-based advocacy group representing competitive electricity market participants in the Pacific Northwest and Intermountain region. NIPPC has a diverse membership including owners, operators, and developers of independent power generation and storage, power marketers, transmission developers, and affiliated companies. NIPPC is committed to competitive power markets in the Northwest and adjacent markets, cost-effective power sales, consumer choice in energy supply, and fair and open-access transmission service.

3. Do additional options not encompassed above, but within the bookends, warrant exploration?

NIPPC supports the Launch Committee evaluating potential ways to pair the options such that more governing autonomy could be gained for a new “Regional Organization” (RO) or for the Western Energy Imbalance Governing Body in the near-term under existing law in California (with no legislation required) while simultaneously pursuing a durable long-term solution that most likely would require an enabling legislative change. Coupling these options—such as some version of Options 0 or 1 in the near-term, with some version of Options 2 through 4 later—would be a more powerful combination than settling for any one option in isolation. In fact, NIPPC is concerned that waiting for a durable long-term option that maximizes autonomy of the RO, and thus requires legislation, is not a viable or wise pathway, even if that option is, in a vacuum, most preferable in the long-term. Similarly, NIPPC is concerned that carrying out a more expedient short-term option that increases autonomy but avoids legislation will not address the more fundamental and well-documented governance concerns of the broader West with the California Independent System Operator (CAISO) as it presently exists.

But a paired approach combining two options in sequence could be a powerful combination. It could demonstrate meaningful, concrete progress in the near-term, demonstrate good faith on the part of California interests and the CAISO, and become a material decision factor in how entities evaluate potential market commitments in 2024. On a longer time horizon, it could lead to a final durable governance structure that represents sufficient autonomy. NIPPC understands how challenging passing major legislation can be, and a paired Pathways approach would provide some breathing room for a potential legislative process to proceed. NIPPC believes that any paired approach should be evaluated so that the durable long-term option can take advantage of and build on governance changes effectuated in the short-term option.

NIPPC does not suggest here any further elements of such a paired approach other than to note that some form of a trigger for implementing the first step (some version of Option 0 or 1) for a new governance structure for EDAM (such as the amount of load or generation electing to participate in EDAM) would be sensible to avoid a sudden overnight change in that market’s governing structure for participants already signed up. A trigger could also demonstrate proof of concept that more autonomous governance is indeed attractive to a critical mass of entities in the West.

4. Should other aspects of the new structure not identified in the comparison matrix in Appendix B be addressed within each option?

NIPPC looks forward to the options gaining more detail in general as the Launch Committee explores them further and evaluates other stakeholders’ comments, particularly in relation to their operational aspects.

5. Are there additional threshold or high priority legal questions that should be addressed?

Not in NIPPC's view at present.

6. Are there additional operational questions that should be addressed or prioritized?

Not in NIPPC's view at present.

7. Are there additional issues or categories of issues that should be considered?

NIPPC is confident that additional important and interrelated issues will emerge in the course of Pathways and that the Launch Committee, with aid from stakeholders, will identify the issues that need to be considered in further detail. This iterative approach that the Evaluation Framework has initiated is wholly appropriate to the Launch Committee's task.

For reference, NIPPC's general position statement and principles about Western wholesale market reforms and the potential value to the West of the transmission functions typically offered by regional transmission organizations is available on NIPPC's website at <https://nippc.org/wp-content/uploads/2023/08/NIPPC-RTO-Principles-July-2023.pdf>.