

EDPR Comments on West-Wide Governance Pathways Initiative Step 2 Proposal

The Step 2 Draft Proposal released on September 26 highlighted detailed, technical questions for continued feedback. This comment template focuses on foundational areas, as not all stakeholders may have feedback on those narrower areas. Stakeholders are invited to provide additional feedback on the more technical questions in each chapter of the Draft Proposal in question 8.

EDPR Renewables (EDPR) is a global leading renewable energy developer with over 8.6 GW of operational capacity in North America and roughly 8 GW of new generation and 7 GW of new storage under development in the Western Interconnect. EDPR was a proud Phase 1 Funder of the Pathways Initiative and applauds the efforts of the Launch Committee and regional stakeholders for their efforts to develop the Step 2 Proposal.

1. Support for Step 2 Draft Proposal: *Please indicate your level of support for the Step 2 Draft Proposal. Please provide general reactions, an indication of the benefits of the structural elements that are being proposed, and if you think that the Draft Proposal is on the right track.*

EDPR generally supports the approach taken by the Launch Committee in the Step 2 Draft Proposal, except for the function-based approach for the Stakeholder Representative Committee (SRC). The proposal represents a meaningful step forward for regional collaboration in the West. The structural elements strike an appropriate balance for near-term success with an eye on future market evolution. The Launch Committee's work identifying topics, timelines and milestones will benefit stakeholders as they continue to develop the RO.

2. Stepwise approach: *The Draft Proposal would continue the stepwise approach for Step 2, beginning with Option 2.0, followed by the RO commencing a feasibility study within 9 months of its formation. Depending on the results of the study, the RO would assume further responsibility in the form of Option 2.5 or a similar structure. This stepwise approach is motivated by a desire to continue early momentum towards regional governance by standing up the RO in the near term, while recognizing the time required to create the infrastructure and financial reserves to enable Option 2.5, and the need to better understand the costs, benefits and structural specifics of Option 2.5. The RO would then have the ultimate authority, with stakeholder input, to make decisions about next steps from and after its formation. Does this stepwise approach create a platform that can achieve the desired level of independence at an appropriate cost to customers?*

EDPR supports the stepwise approach described in the Step 2 Draft proposal but hopes that Step 2.0 can be as short as possible because the additional service offerings contemplated in Step 2.5 and beyond leave significant customer benefits on the table until they are implemented. The long-term success of the stepwise approach and ultimately of the Pathways Initiative will be if a durable governance structure to serve as the bedrock of future market evolution can be found. EDPR encourages the nominating committee to continue to integrate potential future market evolutions into their thinking as they evaluate each potential next step.

3. Cost: *The Launch Committee has created a high-level preliminary cost estimate for Option 2.0 and 2.5. Please provide feedback on the level of staffing and the costs for both options. Do these estimates seem reasonable, and would stakeholders be willing to shoulder these costs associated with increased independence?*

No Comment.

4. Tariff approach: *The Draft Proposal recommended maintaining a single integrated tariff at the outset, and embarking on an effort to organize the tariff into the areas of sole CAISO, sole RO, and where there is overlapping shared authority. This effort would lay the groundwork to eventually progress to separate tariffs, should that separation be desired by stakeholders. Do you support this approach? If not, please provide an alternative approach and as much explanation as possible on how the alternative would better address stakeholder needs.*

No Comment.

5. Department of Market Monitoring (DMM): *The Draft Proposal recommended a joint reporting structure for DMM and RO shared decision making in DMM upper management hiring. Would this change enable sufficient independence? If you think that the proposed approach does not achieve sufficient independence, please provide an alternative approach that would better address stakeholder needs, including any cost implications.*

No Comment.

6. Sectors: *The Launch Committee is holding a workshop (10/7) focusing on sectors and seats on the Stakeholder Representatives Committee (SRC), and will release a revised sector proposal on 10/14. Please share your thoughts on the revised sector proposal and if this component of the overall stakeholder process would allow for meaningful participation and all stakeholder voices to be heard.*

EDPR does not support the market function-based approach contemplated in the Step 2 Draft Proposal.

Sector definitions must provide certainty to all market stakeholders of which category any given entity will participate in. As currently proposed, an entities SRC sector could change either by their election for market services or at their discretion between two potential sectors. An entities decision to utilize more or less of the services offered by the RO does not alter their core interests and should not impact their role within the SRC. The ability to change sectors does not create any benefits and introduces the potential for gaming the future governance system. EDPR recommends the Launch Committee revise the sector definitions so there is certainty over which category any given entity will participate, regardless of their election of services.

The service-level structure will not achieve the goal of the SRC to promote collaboration and consensus building within the sectors. The proposal creates several novel “sectors”, which would significantly undermine the SRC’s goal because similar interests are not incentivized to collaborate or development consensus when their interests are represented in multiple sectors. Less sectors would also enable IOU and public power entities who have seen enhanced value from sharing a sector to effectively organize their interests. EDPR recommends combining the WEIM and EDAM entities group into one WEM Entities Group.

EDPR supports the Launch Committee recommendation for formal re-evaluation of sectors and structure at 1) the RO implementation phase and 2) two years after implementation.

7. Tariff based funding for new public interest protections: *To help safeguard the public interest, the Draft Proposal recommended a new Consumer Advocate Organization and an Office of 2 Public Participation. Both entities are contemplated to have minimal staff (possibly one or two staff members)*

and modest budgets funded through the tariff. The current BOSR funding structure would remain unchanged and not be funded through the tariff, but may be revisited in the future if stakeholders think reevaluation is appropriate. Do you support tariff-based funding for these enhanced public interest protections? Please share as much detail as possible in your reasoning to help the Launch Committee understand the drivers for stakeholders on this topic.

[No Comment.](#)

8. Chapter specific feedback: In addition to the questions above, we are seeking feedback on the entire Step 2 Draft Proposal. Please use this space to provide general feedback by chapter, as well as feedback on the embedded technical questions by chapter. Step 2 Draft Proposal Chapter Headings • Chapter 1: RO Scope and Function • Chapter 2: Formation of the RO • Chapter 3: RO Governance • Chapter 4: Public Interest • Chapter 5: Stakeholder Engagement • Chapter 6: Pathways to Additional Services

Written comments are due on October 25, 2024. Please submit comments via email to Comments@WestWidePathwaysInitiative.org. Thank you in advance for your time and feedback. We look forward to receiving your comments and ideas.