

West-Wide Governance Pathways Initiative

Public Interest Workshop
August 15, 2024



West-Wide Governance Pathways Initiative

Agenda

1. Welcome and Agenda Review
2. Goal of the Public Interest Work Group
3. High Level Existing Tools for Protecting the Public Interest
4. Ideas for Protecting the Public Interest
 - a. RO Board
 - b. States Committee
 - c. Consumer Advocate Engagement
 - d. Stakeholder Process
 - e. Independent Market Monitor
5. Next Steps

Goal:
Identify a durable,
enforceable combination of
tools to protect the public
interest across the entire
footprint served by the R0



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 "How is the Public Interest Protected?" is overlaid in blue.

How is the Public Interest Protected?

Existing High Level Tools

- FERC Requirements
 - RTOs and ISOs are regulated by FERC
 - Tariffs must be “just and reasonable”
- RTO and ISO Structure Variations
 - Some States Committee can utilize 205 filing rights
 - States individually or through the States Committee can submit 206 pleadings at FERC
 - Independent DMM and Market Surveillance Committee
 - Publicly and consumer owned utility charters to protect their customers and public interest
 - Consumer advocate organizations with varying levels of participation
- State law requirements
- CAISO-specific protections

An aerial photograph of a river winding through a mountainous, forested landscape. The river is dark and contrasts with the lighter, textured terrain. The image is used as a background for the slide.

Ideas for Protecting the Public Interest in RO's Market Services

Considerations

- How do we durably require an independent non-profit board to abide by a fiduciary duty primarily owed to all customers served?
 - Emphasis on customer reliability and affordability
 - Respecting individual state and local policies applicable to their own loads as they evolve and change, including an absence of policies
 - E.g. generation preferences, emissions goals
- How do individual states protect their vision of the public interest in this new construct?

What tools – holistically across the institution – ensure the RO protects the public interest, in lieu of a single state statutory requirement?

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graph TD; SC[States Committee] --- TOOLS[TOOLS]; ROB[Regional Organization Board] --- TOOLS; CAE[Consumer Advocate Engagement] --- TOOLS; SP[Stakeholder Process] --- TOOLS; IMM[Independent Market Monitor] --- TOOLS;
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**States
Committee**

**Regional
Organization
Board**

**Consumer
Advocate
Engagement**

TOOLS

**Stakeholder
Process**

**Independent
Market
Monitor**

Regional Organization Structure

Within the Articles of Incorporation and Charter

- Articles of Incorporation can reflect public interest protection language in related locations (e.g. CAISO statute, other BA principles)
- Charter provisions require protection of public interest
 - Includes commitment to expand public benefits by attracting new participants
 - Includes protecting individual state and local generation preferences and climate policies
- Open meetings, public notice, open records requirements for the RO

RO Board Structure and Processes

- Extensive Stakeholder process for input
- Annual meeting with States Committee on Public Interest issues

Regional Organization Structure (cont.)

Board Member Selection

- Board member qualifications include public interest experience
- Board members must commit to protecting the public interest in their role
- Broader experience base for pool of applicants

Other RO Board Considerations

- Transparent decision-making rationale
- Effective dispute resolution process
 - E.g. In WRAP, if the Committee of State Regulators (COSR) formally appeals a Resource Adequacy Participants Committee (RAPC) recommendation to the Board, the Board must pause the process to enable at least two COSR-RAPC discussions to occur to attempt to resolve identified issues

States Committee

Structure and governance

- Continue current WEIM-BOSR staffing structure (through WIEB)
- Continue current WEIM-BOSR self-governance for most issues
 - Commission nomination of state representative on States Committee
 - Consensus approach
- Charter requiring protection of public interest
- Funding reflects membership and authority of members of States Committee
- States individually or through the States Committee could continue to submit 206 pleadings at FERC

Role of Public Power

- Public power and PMA representatives are advisory except in situations where state representatives are voting. In those situations, public power representatives will also have voting rights.
- Updated roles and authorities of public power and PMA representatives in States Committee charter

States Committee (cont.)

Market Monitor Access

- Access to Market Monitor data and can request analysis within Market Monitor resourcing

Stakeholder Process

- With support from half of the participating states or half of the load, a subset of the States Committee may originate a stakeholder initiative or workshop
- Any individual state may originate a stakeholder initiative or workshop to address a state or local public policy that has been adopted into their state's law and requires a tariff change for compliance

Relationship to RO Board

- A subset of the States Committee representing one-quarter of states or one-quarter of load can vote to trigger requirement for super-majority (3/4) vote of RO Board on a particular topic
- Seat on RO Board Nominating Committee
- Veto over RO Board nomination(s) with two-thirds vote of states and load

Consumer Advocates Engagement

- Consumer Advocates are created by state statute with responsibilities that are key elements of those states' regulatory and energy policy
- Consumer Advocates must be able to participate in an RO in a manner that facilitates their state roles and mandates
- Elements of participation include:
 - Participation in stakeholder processes to represent the consumers and advance the policy of their respective states
 - Access to Market Monitor data and can request analysis within Market Monitor resourcing
 - Seat on RO Board Nominating Committee
 - Creation of new Consumer Advocate Organization to coordinate and facilitate participation

Consumer Advocate Organization

- A Consumer Advocate Organization is necessary to ensure that the RO Board is well informed on consumer issues, which is key to fulfilling its public interest mission.
- Individual Consumer Advocate offices are insufficiently resourced to participate in stakeholder processes given the unpredictable timing and other factors.
- Proposal: Create a 501(c)3 organization with sufficient resources to maintain consistent interaction in RO processes and to facilitate consumer advocate participation.
- Evaluate durable funding mechanisms including the CAPS funding in PJM and current BOSR funding.

Example: CAPS (Consumer Advocates of PJM States)

- Created in 2013, initially funded with penalty money
- Funding incorporated in PJM tariff in 2016 (approved in FERC Docket ER16-561-000)
- 501(c)(3) organization with Executive Director and governed by a board with members from consumer advocates from each state in the PJM footprint
- Funding utilized for staff dedicated full-time to PJM issues, occasional additional analytical projects, travel costs of individual state consumer advocate offices

Stakeholder Process

The Stakeholder Process Working Group is collaborating closely with the Public Interest Working Group to ensure the Step 2 proposal incorporates provisions in the stakeholder process to promote the public interest.

- Stakeholders represent a diverse array of market participants, including participants with a financial interest in the market and participants that represent or advocate for a public interest.
- The stakeholder process for the RO must balance these perspectives to ensure just and reasonable market outcomes.
- The stakeholder process should include provisions to enable the RO Board to identify individual sector support or opposition to a proposal.
- Reporting to the RO Board should provide for presentation of minority perspectives that were considered in the initiative process
- RO must respond to written comments from stakeholders
- Identify opportunities for the States Committee to bring forward initiatives that are necessary to enable the RO to address state and local public policy objectives.

Independent Market Monitor

The CAISO Department of Market Monitoring (DMM) provides independent oversight and analysis of the CAISO Markets for the protection of consumers and Market Participants by the identification and reporting of market design flaws, potential market rule violations, and market power abuses.

- DMM has direct access to the individual Governing Board members at any time.
- DMM advises the Governing Board and States Committee about DMM's independent analysis of the markets.
- DMM will consider requests from a State Commission for specifically identified information or data (including raw data) concerning general market trends and the performance of the wholesale markets, subject to confidentiality provisions.

Independent Market Monitor (cont.)

- The Market Surveillance Committee (MSC) acts as a market advisor that provides independent external expertise on the CAISO market monitoring process and provides independent expert advice and recommendations to the CAISO management and Governing Board.
- The WEM Governing Body Market Expert provides comprehensive explanations and technical opinions as requested by the WEM Governing Body, to aid it in making well-informed decisions.

These functions could be maintained or enhanced in an RO Independent Market Monitor role.

Stakeholder Discussion

1. Goal of the Public Interest Work Group
2. Ideas for Protecting the Public Interest
 - a. RO Board
 - b. States Committee
 - c. Consumer Advocate Engagement
 - d. Stakeholder Process
 - e. Independent Market Monitor



Next Steps

Public Comments

- We need your feedback! The two-week open comment period will run from 8/15/24-8/29/24.
- Written comments can be submitted to:
Comments@WestWidePathwaysInitiative.org
- Please use the Stakeholder Comment Template for this workshop posted on the WIEB landing page:
[WWGPI - Western Interstate Energy Board](https://www.westernenergyboard.org)
([westernenergyboard.org](https://www.westernenergyboard.org))

Remaining Workshop Schedule

- Stakeholder Process Workshop #4
 - Wednesday, August 28
 - 9AM-12PM PT/10AM-1PM MT/11AM-2PM CT

Anticipated Timeline for Step 2

- **July-Aug:** Stakeholder Workshops
- **Sep 2-25:** Drafting of Step 2 Draft Revised Proposal
- **Sept 26:** Issue Step 2 Draft Revised Proposal
- **Sept 26:** Open comment period (4 weeks)
- **Oct 4:** Monthly Stakeholder Meeting (review Step 2 Draft Revised Proposal)
- **Oct 24:** Comments due on Step 2 Draft Revised Proposal
- **Oct 28-Nov 14:** Incorporate stakeholder feedback and make revisions to Step 2 Final Proposal
- **Nov 15:** Issue Step 2 Final Proposal
- **Nov 22:** Monthly Stakeholder Meeting (review Step 2 Final Proposal and vote)



Thank You.



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