

West-Wide Governance Pathways Initiative

Update for the CAISO Board of Governors
and WEIM Governing Body

May 22, 2024



West-Wide Governance Pathways Initiative

Agenda:

- I. Introductions
- II. Background and Regulator Statement
- III. Pathways Structure
- IV. Pathways Initiative Proposal
 - Step 1
 - Public Interest Focus
 - Step 2
- V. Next Steps
- VI. Questions



- **Spencer Gray, Northwest & Intermountain Power Producers Coalition**
- **Lisa Hickey, Interwest Energy Alliance**
- **Marc Joseph, Coalition of CA Utility Employees, CSAEW**
- **Evelyn Kahl, California Community Choice**
- **Scott Ranzal, Pacific Gas & Electric**
- **David Rubin, NV Energy**
- **Kathleen Staks, Western Freedom**



Pathways Initiative Background





Launch Committee Members

States/Provinces:

Commissioner Milt Doumit, WA
Commissioner Kevin Thompson, AZ
President Alice Reynolds, CA

Alternates:

Letha Tawney, OR
Siva Gunda, CA
Pat O'Connell, NM

CA IOU Transmission Owners:

Scott Ranzal, PG&E
Jeff Nelson, SCE

EIM Entities:

Alyssa Koslow, APS
David Rubin, NVE
Kerstin Rock, PAC
Pam Sporborg, PGE
Alternate:
Robert Eckenrod, PAC

Labor:

Marc Joseph, IBEW – CA

Public Power and Coops:

Josh Walter, SCL
Connor Reiten, PNGC
Jim Shetler, BANC
Randy Howard, NCPA
Alternate:
Jon Olson, SMUD

Independent Power Producers:

Scott Miller, WPTF
Jan Smutny-Jones, IEPA
Ben Fitch-Fleischmann, Interwest
Alternates:
Spencer Gray, NIPPC
Lisa Tormoen Hickey, Interwest

Residential and Small Commercial Customers:

Michele Beck, Utah Office of
Consumer Services

Non-utility Load Serving Entities:

Evelyn Kahl, CalCCA

Large C&I Customers:

Kathleen Staks, Western Freedom
Alternate:
Heidi Ratz, CEBA

Technology Providers:

Brian Turner, AEU

Public Interest Organizations:

Michael Colvin, EDF
Alaine Ginocchio, WRA
Ben Otto, NW Energy Coalition
Alternate:
Mark Specht, UCS

Power Marketing Authorities:

Chrystal Dean, WAPA



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.



Pathways Initiative Proposal

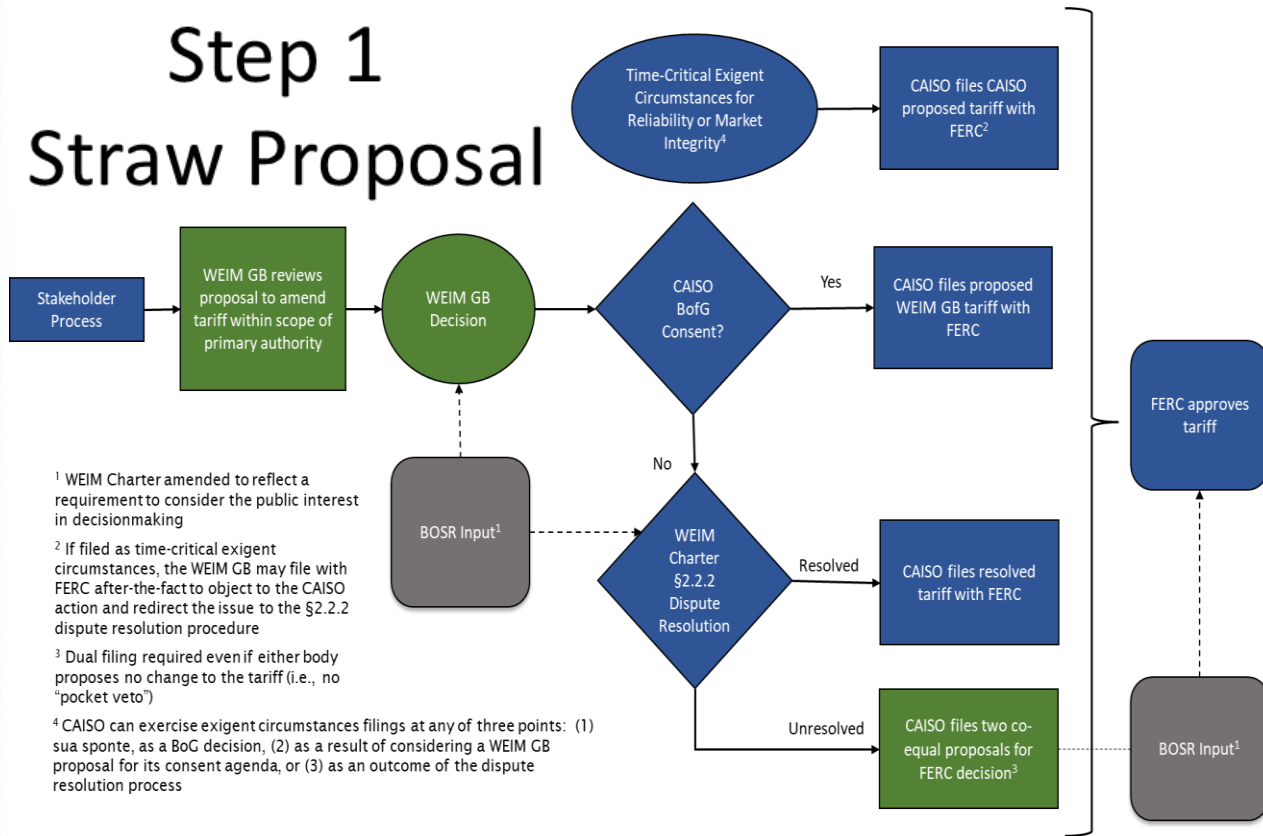


Pathways Initiative

Stepwise Regionalization Process

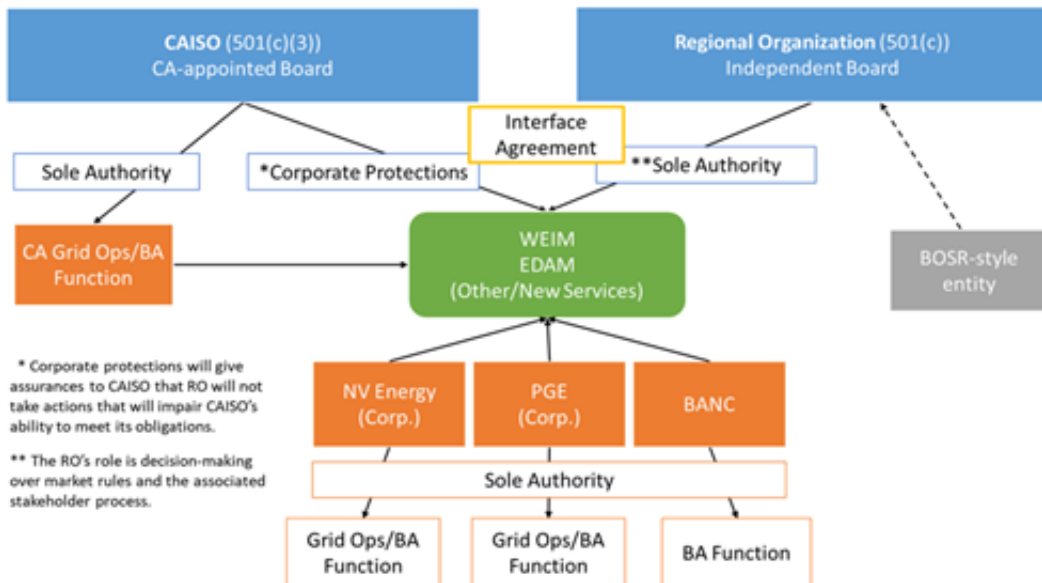


Step 1 Straw Proposal



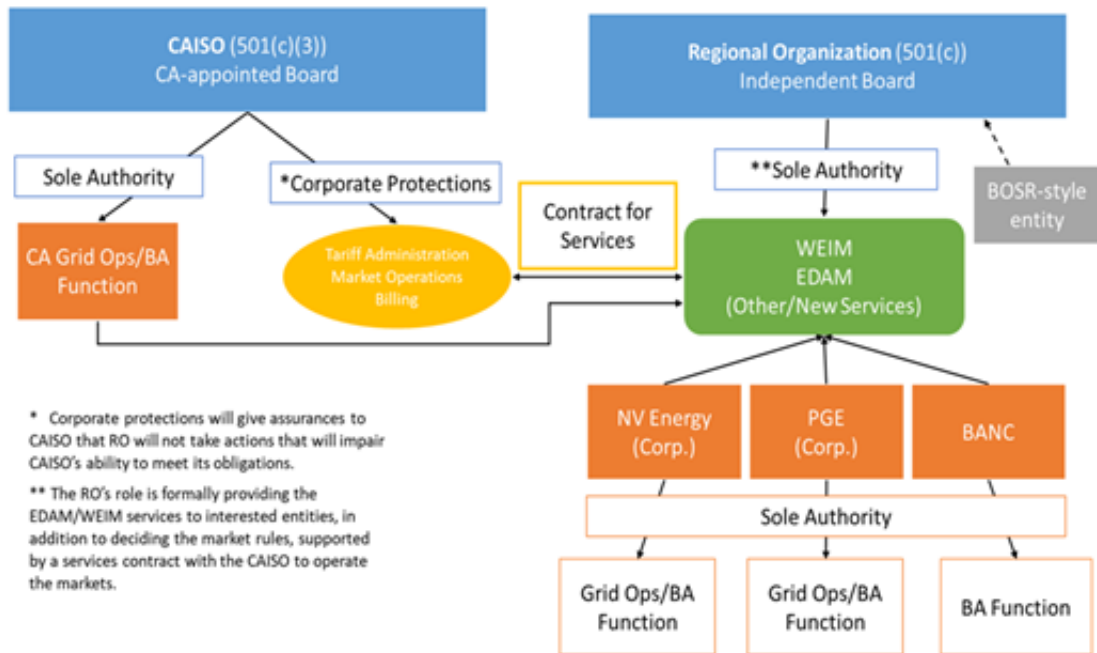
STEP 2/Option 2.0

New RO with “Sole” Authority Over Market Governance



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.



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.**



Next Steps

- **Finalize Step 1 with public vote**
 - **May 31 Stakeholder Meeting**
- **Deliver Step 1 recommendation to CAISO BoG and WEIM GB for stakeholder process and implementation**
- **Refine and finalize Step 2 with stakeholder workshops and collaboration with CAISO staff**
- **Step 2 final recommendation: Sept./Oct.**
- **RO Initiation: Jan. - June 2025**
- **CA legislative engagement (ongoing): 2025 legislative session**



Thank You.



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