



California ISO

WESTERN ENERGY MARKETS

Decision on implementing Pathways step 1 proposal

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The Board and the WEM Governing Body approved the Pathways step 1 proposal on August 13, 2024.

- Jointly directed Management to prepare revisions to governing documents and tariff
- Changes to become effective when the trigger criteria are satisfied
 - EDAM commitments from utilities that meet combined load and geographic diversity criteria
 - Expected to occur in 2025
- Seeking approval of the specific changes now to allow time for a FERC order on a tariff amendment

The Pathways step 1 proposal has three core components:

- Elevate the role of the WEM Governing Body from joint authority to primary authority
- At conclusion of dispute resolution process, add a dual filing option
- Augment description of WEM Governing Body's mission to emphasize, among other things, consumer interests and preservation of state and local authority

Implementing these changes requires amendments to three governing documents and also a tariff amendment.

- Charter for WEIM and EDAM Governance
- Corporate bylaws
- Guidance document
- Section 15 of the tariff

The proposed revisions conform tightly to the approved Pathways step 1 proposal

Most of the changes are in the Charter for WEIM and EDAM Governance.

- Change role of Governing Body from joint authority to primary authority
- Add step to current process for resolving disagreements: possible dual filing with FERC
- Specific language from approved proposal:
 - Add to mission of WEM Governing Body
 - Authorize WEM Governing Body to initiative a review of governance if majority of EDAM entities depart
 - Clarify that Body of State Regulators may provide opinions to FERC

In the two other governing documents, substantive revisions are limited to changing the decisional process from joint authority to primary authority.

- Corporate bylaws
- Decisional Classification Guidance for the WEM Governing Body

In addition, Section 15 of the tariff must be amended to accommodate the possible dual filing step.

- Currently states that tariff amendments require Board approval
- Need to add dual filing option at the conclusion of the dispute resolution process
- Language is from approved Step 1 proposal and ISO New England governing documents that served as a model

Management proposes that these changes become effective upon notice after the trigger criteria are satisfied.

- When criteria met and tariff amendment accepted, CEO or COO will issue notice to the Board and WEM Governing Body and a market notice to stakeholders
- This notice may be issued up to 20 days after the criteria are satisfied to accommodate planned or ongoing meetings of the Board and WEM Governing Body