

WESTERN ENERGY IMBALANCE MARKET (WEIM)

WEIM Governance Review Committee Public Meeting

WEIM Governance Review Committee
General Session
April 29, 2022



Decision on General Session Minutes March 31, 2022

WEIM Governance Review Committee - members

Michele Beck	Utah Office of Consumer Services
Tony Braun	Braun Blaising Smith Wynne, PC
Andrew Campbell	Energy Institute at Haas, UC Berkeley
Suzanne Cooper	Bonneville Power Administration
Eric Eisenman	Pacific Gas and Electric Company
John Prescott*	WEIM Governing Body
Angelina Galiteva*	ISO Board of Governors
Therese Hampton	Consultant representing public power
Amanda Ormond	Ormond Group LLC
Commissioner Letha Tawney	Body of State Regulators
Rob Taylor	Salt River Project
Pam Sporborg	Portland General Electric
Rebecca Wagner	Independent consultant
Cameron Yourkowski	EDP Renewables North America LLC

** non-voting member*

WEIM Governance Review Committee Principles and Assessment Factors

Principles to guide the GRC

The overarching principle states that the GRC shall:

- Ensure that the governance of the WEIM and EDAM provide stakeholders throughout the West with confidence that the governance structure represents the market(s) as a whole, broadly respects and considers the interests of all stakeholders, and is resilient under a wide range of market conditions.

Recommended Additions to the Existing Principles (full list [HERE](#), pages 3-4)

- Seek, where possible, to modify or enhance the WEIM governance structure, as it relates to the establishment of EDAM, in support of an autonomous WEIM Governing Body.
- Ensure modifications or enhancements to the WEIM governance structure, as it relates to EDAM, balance the interests of full ISO market participants in the ISO Balancing Authority Area and prospective EDAM participants.
- Ensure modifications or enhancements to the WEIM governance as it relates to the establishment of EDAM, support or advance a potential future governance structure appropriate for a multi-state Regional Transmission Organization.

WEIM Governance Review Committee Delegation of Authority

Definition: Type of delegation of authority

Primary Authority	Joint Authority
<ul style="list-style-type: none">• Governing Body approval is required• Decision is placed on ISO Board of Governors consent agenda• Majority vote of Board of Governors required to remove from consent agenda• ISO Board of Governors can only remand; cannot alter decision or approach	<ul style="list-style-type: none">• Both WEIM Governing Body and ISO Board of Governors approval is required• Each body must have a majority of members to support for approval• Recommended that approval process take place in a joint meeting of both bodies

**Advisory authority is informed by what has been defined under primary authority or joint authority.*

Previous recommendation: Type of delegation of authority

- For WEIM, the GRC recommended and the ISO Board of Governors and WEIM Governing Body jointly approved that the Governing Body's previously limited primary authority be modified to joint authority over an expanded set of issues for the following primary reasons:
 - Expands the decision-making authority of the WEIM Governing Body
 - Provides confidence that the governance structure represents the interests of all stakeholders
 - Promotes a collaborative relationship between the WEIM Governing Body and the ISO Board of Governors
 - Recognizes that WEIM is deeply intertwined with the real-time market

Options for EDAM: Delegation of authority

- GRC is exploring:
 - Both Types of Delegation of Authority
 - Under joint authority, would a different decision-making process better promote considerations of all participant and stakeholder interests?
 - Under primary authority, would a different approach to the ISO Board of Governor's consent agenda process provide greater autonomy for the WEIM Governing Body and stakeholders?
- Key questions:
 - Does the EDAM market structure impact the GRC's previous evaluation? If so, in what way?
 - What options would you recommend the GRC consider?

Definition: Scope of delegated authority

Rules that “apply to”	Rules that “impact”	All market rules
Delegated decision authority is provided on all market rules that <u>apply to</u> WEIM/EDAM participants in their capacity as WEIM/EDAM participants	Delegated decision authority is provided on all market rules that <u>impact</u> WEIM/EDAM participants in their capacity as WEIM/EDAM participants	Delegation decision authority is provided on <u>all</u> real-time and day-ahead market rules

Previous recommendation: Scope of delegated authority

For WEIM, the GRC recommended and the ISO Board of Governors and WEIM Governing Body jointly approved a scope of delegated authority for all rules that “apply to” WEIM entities in their capacity as WEIM participants for the following reasons:

- It expanded the WEIM Governing Body’s previous advisory authority to approval authority on all issues that apply to WEIM Entities
- It maintains the WEIM Governing Body’s advisory authority on other issues that impact WEIM Entities
- It provides for a clear rule for which decisional classification can be determined
- After section-by-section review of the tariff, it was determined to appropriately assign decision authority

Options for EDAM: Scope of delegation of authority

- GRC is exploring:
 - All scopes of delegation of authority previously evaluated
 - In addition, GRC is exploring a scope that includes all day-ahead and real-time market rules but with notable exceptions that apply uniquely to full ISO market participants in the ISO Balancing Authority Area.
- Key Questions:
 - Does the EDAM market structure impact the GRC's previous evaluation? If so, in what way?
 - What other options would you recommend the GRC consider?
 - Are there any day-ahead and real-time market rules that apply uniquely to full ISO market participants in the ISO Balancing Authority Area?

Definition: Dispute resolution

Current Approach

If the ISO Board of Governors and WEIM Governing Body do not jointly pass a proposal:

- Remand to a stakeholder process
- If the revised proposal cannot achieve joint approval, the two bodies may decide to have:
 - Additional remand, or
 - The ISO Board of Governors submits a filing to FERC that includes the WEIM Governing Body's position, written with the support of outside legal counsel
- The ISO Board of Governors is also provided the ability to file more quickly in time-critical circumstances

Previous recommendation and options

Previous Recommendation

- For WEIM, the GRC recommended and the ISO Board of Governors and WEIM Governing Body jointly approved the current process because it provides the Governing Body the ability to express to FERC an independent perspective on the filing
- This approach was preferred over dual filing because it avoided several issues raised by stakeholders
 - Stakeholders raised concern about the process, cost and who would pay for a separate filing by the WEIM Governing Body
 - Stakeholders raised concern about the legality of the dual filing approach if an option the ISO Board of Governors did not support was selected

Options for EDAM

- GRC is not currently considering any different or alternative dispute resolution options
- Key Question: Does the EDAM market structure impact the GRC previous evaluation? If so, in what way?

WEIM Governance Review Committee Stakeholder Engagement

The role of the RIF and BOSR in an EDAM

Starting Point for Discussions

- In Comments, several market participants evidence a desire for more stakeholder involvement in organizational direction and market design
- As used here:
 - Market Participant is an actual market participant, generally with load, transmission and/or generation assets
 - Stakeholder is a broader definition that includes NGOs, policy advocates, consumer advocates, others.

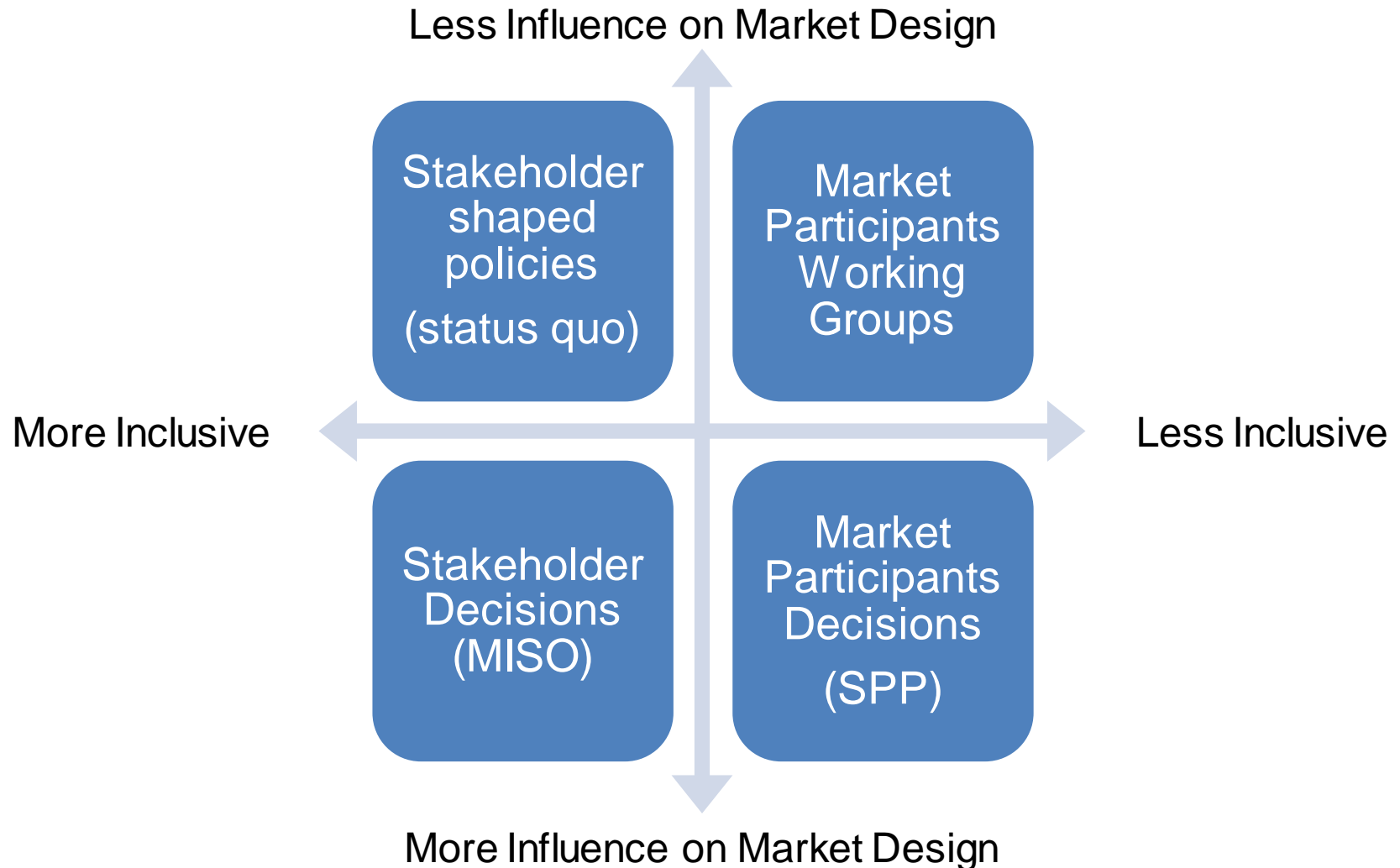
Implications for Regional Issues Forum (Details on RIF found [HERE](#))

- Should there be a market participants committee or a broader-based sector-driven stakeholder committee to drive market design?
- Does this replace the RIF (which is now education focused) or expand the RIF?

Implications for the Body of State Regulators (Details on BOSR found [HERE](#))

- Does the BOSR role change if there is a “participants committee”?
- What changes to the scope and mission of BOSR are needed, if any?

Spectrum of options for EDAM stakeholder engagement



Considerations

Market Participant Driven

Pros	Cons
Reflects “Skin in the Game” approach to decision making	Those impacted by Participant decisions can be disenfranchised
Appears to facilitate Participant “Buy In” in the process	Significant change to ISO processes, including role of WEIM Governing Body, ISO Board of Governors and other Stakeholders
Similar to certain other regional market organizations	Raises complex voting and representation questions among participants
	Would likely require equivalent changes in BOSR role
	Market participants may not have broad enough view of public interest to satisfy regulators, policymakers, and other stakeholders

Stakeholder Driven

Pros	Cons
Integrates with existing ISO model and BA decision making	Difficult for less-resourced stakeholders to drive detailed policy development forward
Inclusive of stakeholder interests and those impacted by decisions	For non-market participants, technical complexity can be a barrier
Current WEIM Governing Body approach avoids complex weighted voting	Number of stakeholders may result in a longer process
Complementary to existing BOSR role and scope	

RIF and stakeholder engagement considerations

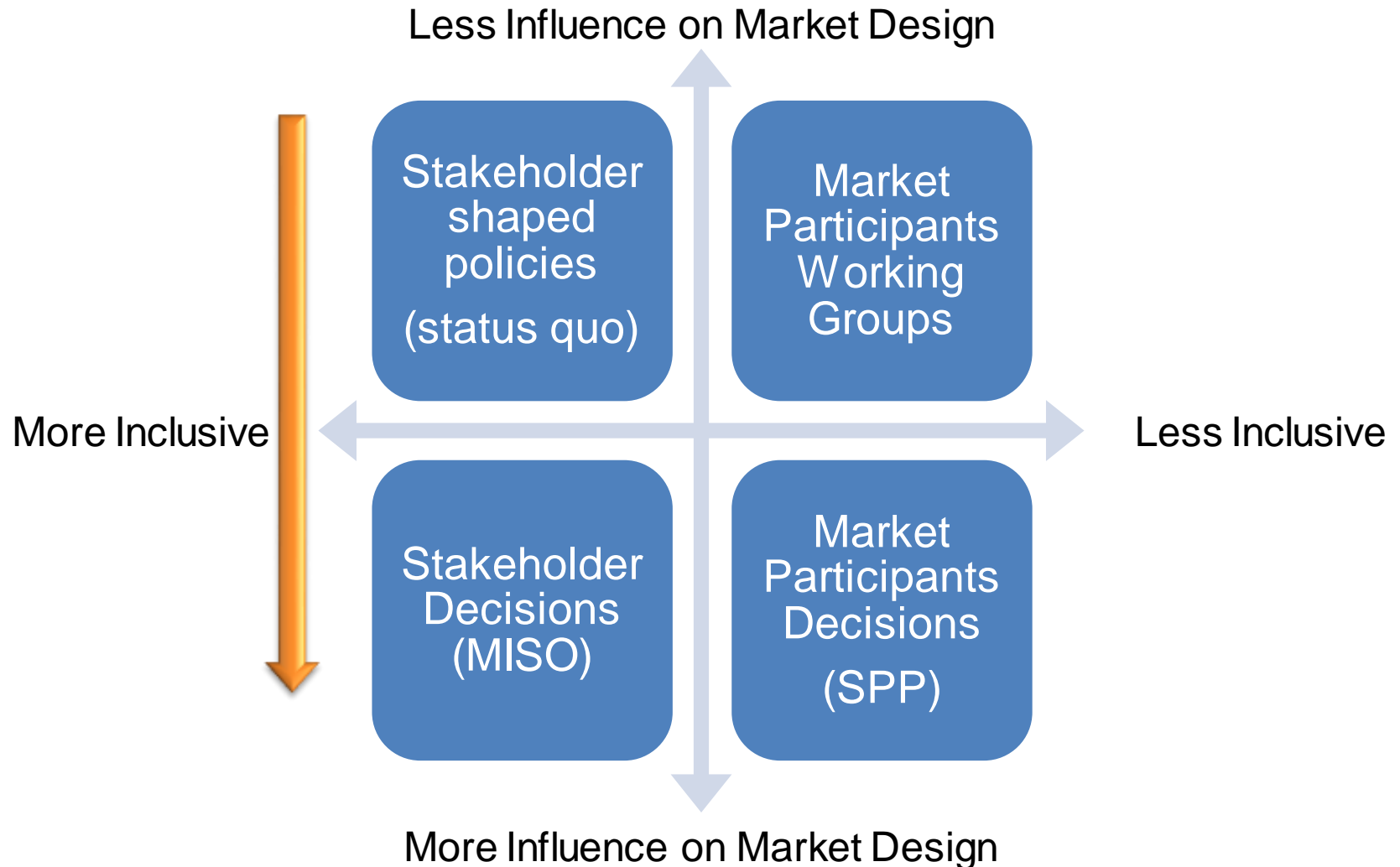
Impact of Any Changes Should Not be Underestimated

- Both models require more of participants in exchange for voice in policy development and decision making.
- Expectation that Stakeholders help shape policy, not just opine on proposals
- Increased resource requirements may procedurally disadvantage some less resourced Stakeholders

EDAM Working Group Process Lessons Learned

- Staff facilitated discussions were generally well received
- More onus on stakeholder developed proposals seemed to move forward discussion
- Are there ways to integrate similar structures into any stakeholder process?

Option for EDAM: Include stakeholders more in market design



Potential changes to the RIF: Concepts being considered

Role of Stakeholders

- Create a facilitation function for ISO staff similar to the EDAM working groups but expect stakeholder driven policy dialogue including policy prioritization for the market
- Transition the RIF to a stakeholder advisory/policy review committee with a more formal advisory role to the boards
- Funnel broader stakeholder process through this new advisory body on both WEIM and EDAM issues
- Reconsider composition of the RIF
- Refine the RIF charter and operating guidelines
- Create expectation of opinions/reports on key issues
- Create advisory role on key corporate policies such as the multi-year roadmap

Potential stakeholder roles: Questions

Open Questions

- How much process detail to specify versus leave to an advisory committee?
- What would the affect be on non-EDAM stakeholder processes (e.g., transmission planning, resource adequacy, interconnection, etc.)?
- How much deference on market design would an advisory committee have from the WEIM Governing Body and ISO Board of Governors?
- How could an advisory committee be best structured for effective Stakeholder representation to the WEIM Governing Body and ISO Board of Governors?

WEIM Governance Review Committee Market Design Elements and Roadmap

Market design elements that raise governance implications

- Some EDAM market design elements could touch on governance due to impacts on BA control or obligations:
 - Load shedding policy
 - Whether/how the design relates to Balancing Authority Area (BA) NERC compliance obligations
 - Impact of EDAM transmission intersection with state policy
 - Greenhouse gas accounting and implications on state policy compliance
- Key Questions:
 - What other market design elements relate to or impact a BA's or state regulator's responsibilities or control?
 - How do these elements impact governance?

Future governance evolution

- To-date, WEIM governance has evolved in concert with the growing size and coverage of the market
- The GRC may recommend that the WEIM Governing Body and ISO Board of Governors support further governance reforms in collaboration with state governments, local regulatory authorities, market participants, and other stakeholders
 - These could include pursuing shared governance approaches that are not currently possible
- Key Questions:
 - What are meaningful signposts of progress toward a potential future governance structure appropriate for a multi-state Regional Transmission Organization?

WEIM Governance Review Committee Other Issues

Board selection process

- Several commenters recommended modifying the nomination process for ISO Board of Governors to provide for better regional representation and consideration
 - Existing ISO Board Nominating Committee includes 2 non-California representatives
 - There is no limitation on advancing non-California candidates and it has been done in the past
- GRC is considering the following:
 - Aligning the selection criteria for the ISO Board of Governors and the WEIM Governing Body
 - Having one nominating committee for both the ISO Board of Governors and the WEIM Governing Body
 - Adding a goal of regional considerations and the value to regional parties in an ISO Mission Statement or other policy document.

Links: [ISO Board Selection Policy](#); [WEIM Governing Body Selection Policy](#)

Summary of GRC options for EDAM under consideration

- **Type of Delegation of Authority:** Primary or Joint Authority with some evaluation of other decision-making process changes
- **Scope of Delegation of Authority:** Rules that apply to WEIM and EDAM market participants, rules that impact EDAM market participants, all real-time and day-ahead rules, or all real-time and day-ahead rules with exception for rules that apply uniquely to full ISO market participants in the CA BA
- **Stakeholder Role in Market Design:** Modification of RIF into a stakeholder advisory body to the ISO Board of Governors and WEIM Governing Body on market design and policy prioritization
- **ISO Board of Governors and WEIM Governing Body Nomination Process:** Better align Board selection processes to support regional representation
- **ISO Board of Governors and WEIM Governing Body Mission Statements:** Similar to the WEIM Governing Body mission statement, ensure consideration of all market participants in mission statements for both bodies

GRC informal stakeholder outreach

- **Spring 2022 Body of State Regulators Meeting** – May 2, 2022, San Diego, California
- **Regional Issues Forum – In-Person Meeting** – May 4, 2022, San Diego, California
- **Extended Day-Ahead Market – Straw Proposal Meeting** – In-Person and Virtual – May 25-26, 2022, Folsom, California
- **Informal Outreach:** Various small group or association meetings throughout May

The GRC invites you to contact a GRC member(s) for a briefing or with any suggestions or comments. While the GRC is not requesting formal comment, stakeholders are always welcome to submit written comments at any time to the GRC by emailing them to ISOStakeholderAffairs@caiso.com.

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Governance review timeline

May

- May 2 BOSR meeting - GRC update – San Diego, CA
- May 4 RIF meeting – GRC update – San Diego, CA
- May 26 EDAM straw proposal overview & GRC general session meetings – Folsom, CA

Jun/Jul

- Mid-June – EDAM straw proposal overview & GRC general session meetings – discuss GRC straw proposal – location TBD
- July – comments due

Aug/Sep

- Late-August – general session meeting – revised proposal overview
- September – stakeholder comments on final GRC straw proposal due

Helpful links

WEIM GRC information

<https://www.westerneim.com/Pages/Governance/GovernanceReviewCommittee.aspx>

WEIM Governance Review Initiative webpage

<https://stakeholdercenter.caiso.com/StakeholderInitiatives/Western-EIM-governance-review>

Western EIM GRC Part One Draft Final Proposal

http://www.caiso.com/InitiativeDocuments/PartOneDraftFinalProposal_EIMGovernanceReview.pdf

Western EIM GRC Part Two Draft Final Proposal

<http://www.caiso.com/InitiativeDocuments/Decision-EIM-Governance-Review-Committee-Part-Two-Draft-Final-Proposal-July-19-2021.pdf>