

GENERAL SESSION MINUTES WESTERN ENERGY MARKETS GOVERNING BODY MEETING September 25, 2024 In-person: Tempe, Arizona

September 25, 2024

The Western Energy Markets (WEM) Governing Body convened the general session meeting at approximately 12:30 p.m. and the presence of a quorum was established.

ATTENDANCE

The following members of the WEM Governing Body were in attendance:

Robert Kondziolka, Chair
Rebecca Wagner, Vice Chair
Andrew Campbell
Anita Decker
John Prescott

GENERAL SESSION

Chair Kondziolka provided welcoming remarks highlighting that this was the first regular scheduled regional meeting since 2019 and then acknowledged the contributions of former Governance Review Committee Chair Therese Hampton, who passed away unexpectedly in September 2022, noting her vision for these collaborative regional meetings to develop and foster relationships with colleagues across the west.

DECISION ON GENERAL SESSION MINUTES

Member Decker moved for approval of the WEM Governing Body general session minutes for the June 20, 2024, WEM Governing Body meeting. The motion was seconded by Chair Kondziolka and approved 5-0.

CEO REMARKS

Elliot Mainzer - President and CEO, echoed Chair Kondziolka's sentiments regarding Therese Hampton and also emphasized the importance of these collaborative regional meetings. Mr. Mainzer noted grid management during the continued heat wave across the west and then highlighted the recent announcements of Black Hills Corporation's and BHE Montana's intentions to join the ISO's wholesale Western electricity markets. Brief discussion ensued.

BODY OF STATE REGULATORS UPDATE

Gabriel Aguilera – Commissioner of New Mexico Public Regulation Commission, and Vice Chair of the WEM Body of State Regulators (BOSR), provided an update on behalf of the BOSR. Vice Chair Aguilera first noted that the BOSR received an update on the West-Wide Governance Pathways step 1 proposal at their July meeting. He then reviewed topics discussed at the BOSR's August meeting which included an update on the West-Wide Governance Pathways Step 2 public working group activities followed by an update on the ISO's storage bid cost recovery and default energy bid enhancements policy initiative. Next, Mr. Aguilera reviewed the topics discussed during BOSR's September meeting, including an update from the ISO on active policy initiatives, topics of interest for future wholesale electricity market training for BOSR members, and an update on activities related to the Pathways Step 2 proposal. Mr. Aguilera concluded by noting that the October 11 BOSR meeting has been cancelled. Brief discussion ensued.

REGIONAL ISSUES FORUM UPDATE

Meg McNaul – Partner, Thompson Coburn LLP, representing the Six Cities and Chair of the Regional Issues Forum (RIF), provided an update on upcoming RIF activities. Chair McNaul highlighted agenda topics for the September 27 meeting which included a panel discussion with market participants and ISO representatives on congestion revenue rights, as well as an update on the extended day-ahead market implementation efforts. Ms. McNaul then mentioned the RIF will meet on October 29 in conjunction with the ISO Stakeholder Symposium in Sacramento, California. She then highlighted the topics for that meeting, which include a panel discussion on enhancements to the ISO's stakeholder engagement and working group processes and a continued discussion on congestion revenue rights. Brief discussion ensued.

BRIEFING ON WEIM BENEFITS AND MARKET UPDATE (Q2 2024)

Guillermo Bautista Alderete, Director – Market Performance and Advanced Analytics, provided a briefing on the second quarter 2024 WEIM benefits, first highlighting the gross economic benefits of \$365 million and overall cumulative benefits of \$5.85 billion since the market launched in 2014. He then highlighted the various benefits that the WEIM provides, which include prevented renewable curtailments, substantial energy transfer capability, an increase in economic transfers resulting in regional and fuel diversity, and relatively stable energy prices across the market. Mr. Bautista Alderete concluded by noting that WEIM facilitated balancing area access to assistance energy transfers which provided operational benefits. Brief discussion ensued.

Public comment

There was no public comment offered at this time.

WEM GOVERNING BODY MARKET EXPERT BRIEFING ON BID COST RECOVERY PAYMENTS

Susan Pope – WEM Governing Body market expert, provided an educational briefing on the bid cost recovery payment (BCR) process. Ms. Pope first gave background on BCR payment rules, how and why payments are calculated and the importance of BCR in electricity markets. Ms. Pope then noted the BCR-related issues that arise in electricity markets, why BCR payments are included in market designs, and the reasons BCR is critical for supporting bidding incentives and least-cost dispatch to help maintain system reliability. Discussion ensued.

Public comment

There was no public comment offered at this time

DISCUSSION WITH WESTERN UTILITY EXPERTS: INSIGHTS ON KEY ISSUES FOR WESTERN UTILITIES

Robert Kondziolka – Chair, WEM Governing Body, moderated a panel discussion with western utility experts regarding their insights on key issues impacting their balancing areas. Chair Kondziolka started with an introduction and background about each of the following panelists:

- Christopher Jimenez, Director, Energy Services and Project Development, AEPCO
- Pam Syrjala, Senior Director, Energy Supply and Trading, Salt River Project
- Kelsey Martinez, Director, Regional Markets and Transmission Strategy, PNM Resources
- Scott Olson, Director, Policy, Regulatory and Markets West, Avangrid

Next, Chair Kondziolka asked each of the panelists to provide their perspectives on the following topics: rationale for joining the WEIM and benefits of participating in the market; operational challenges and lessons learned during summer 2024, including processes and tools utilized to maintain reliability; challenges they face with economic and load growth over the next few years; and the value of expanded regional market design. Each of the panelists provided responses based on perspectives and experiences of their unique balancing areas and a brief discussion ensued at the close of the discussion.

Public comment

There was no public comment offered at this time

BRIEFING ON POLICY INITIATIVES AND WEM GOVERNING BODY PLANNING CALENDAR

Becky Robinson – Director, Market Design and Analysis, provided updates on stakeholder engagement and working group activities for various WEIM-related policy initiatives, including the following: extended day-ahead market and day-ahead market enhancements, WEIM resource sufficiency evaluation enhancements, price formation enhancements, greenhouse gas coordination, gas resource management, and storage bid cost recovery and default energy bid enhancements. Next, Ms. Robinson reviewed the timeline for the various active policy initiatives. Discussion ensued throughout the presentation. The Governing Body requested that in addition to state, that county and entity greenhouse gas reporting requirements also be

highlighted in future presentations.

Public comment

There was no public comment offered at this time

INFORMATIONAL REPORTS

There were no comments or questions on the informational reports.

FUTURE AGENDA ITEMS

There were no future agenda items.

ADJOURNED

There being no additional general session matters to discuss, the general session was adjourned at approximately 4:00 p.m.