



Independent Energy Producers Association

August 13, 2024

To: West-Wide Governance Pathways Initiative Launch Committee

RE: Pathways Initiative Phase 1 Straw Proposal

Dear Chair Schori and Chair Kondziolka:

The Independent Energy Producers Association (IEP) writes in support of Pathways Initiative Phase 1 Straw Proposal adoption. IEP represents competitive renewable and natural gas generators, battery energy storage, long duration storage, and independent transmission developers active in the CAISO and throughout the Western market. Non-discriminatory access to, and operation of, the Western grid and related markets is essential to meeting the reliability and affordability needs of electric consumers in the West.

IEP supports Step 1 which advances independent governance of the Western Energy Imbalance Market (WEIM) as having Primary Authority to approve or reject proposed tariff rules related to the WEIM or EDAM within the existing CAISO framework. This enhances the role of the independent WEIM/EDAM Board in a manner consistent with existing law and the CAISO tariff. It is also a measure of enhanced market rule independence.

Western Grid is an interdependent energy market where electric resources are exchanged. The issue of market efficiency has important impacts on reliability and affordability. The WEIM, a short-term market, has been successful in providing almost \$6 billion in electricity cost benefits for its participants. There are expectations that the EDAM market will provide additional benefits to its participating Balancing Authorities.

Step 1 is based upon this success of these markets with the goal of evolving into a broader independent RO, providing additional services to the Western Market. Step 1 is not an end to itself but sets up the opportunity of building off what works and paves the way for advancing a broader independent market through an RO with potentially additional services.

The Straw Proposal (SP) lays out the issues associated with the evolution of an independent RO as Option 2.0 and Option 2.5. as both having “Sole Authority over market design and decision making” with independent Section 205 filing rights. The Options differ on the level of transferred governance authority with Option 2.0 being a narrow implementation. Option 2.5 has broader authorities and risks including compliance and penalty risks. Both Options will require a contract between the RO and the CAISO. The SP notes the “Option 2.0 contract would be crafted to delineate market governance versus operating authority of the RO and the CAISO.” Option 2.5 is a contract for services from CAISO as a vendor. At present, IEP does not have a preference between these options—both require further study. Existing contracts between the CAISO and its market participants require further study.

Simplicity and costs should be the primary drivers in comparing these options going forward. Both options utilize the existing CAISO infrastructure which, if properly deployed, should lead to lower costs. This CAISO infrastructure has been operating and evolving in the Western Grid for 26 years. Market participants are well acquainted with its operations which can be further evolved to meet the new market needs of the West. IEP sees no additional value in Option 4 setting up a whole new infrastructure with related costs.

IEP looks forward to continued participation in this worthwhile effort as a stakeholder and in collaboration with CAISO staff. We are confident that electricity consumers throughout the West will benefit from these efforts. We respectfully ask for your approval of the Pathways Initiative Phase 1 Straw Proposal.

Sincerely,



Jan Smutny-Jones, Esq.
Chief Executive Officer, General Counsel
INDEPENDENT ENERGY PRODUCERS ASSOCIATION

