

West-Wide Governance Pathway Initiative

Overview and Questions for Stakeholders

August 29, 2023

Background and Overview

On July 14, 2023, a coalition of western state public utility commissioners and other officials submitted a letter to the leadership of the Western Interstate Energy Board (WIEB), the Western Interconnection Regional Advisory Body (WIRAB) and the Committee for Regional Electric Power Cooperation (CREPC), announcing an initiative to create an entity, governed independently, that can deliver market services throughout the West, including California.¹ This effort, the “West-Wide Governance Pathway Initiative,” seeks to build on the benefits of the Western Energy Imbalance Market (EIM), realize the potential benefits of an extensive footprint for the Extended Day-Ahead Market (EDAM), and enable a path forward for a potential West-wide fully organized market (a Regional Transmission Organization or RTO), should participants in this effort so choose.

While there was broad stakeholder agreement after an extensive consultation process that joint authority was a sufficient approach for the governance of both the EIM and EDAM, some parties have stated publicly that their day-ahead market decision hinges on the potential for representative, independent governance for any market services beyond EDAM. This initiative is seeking to create that pathway. It is not a foregone conclusion that any specific utility or state would select those services. Indeed, some states have policies requiring their utilities’ participation in an RTO by a date certain, while others do not, and further, have significant doubts about the benefits of RTOs for retail customers.

This effort is being proposed by officials from several western states and is intended to be inclusive of all western states and provinces, as well as a broad range of stakeholders, including but not limited to utilities (including public power, investor-owned utilities, and power marketing agencies), generators, trade associations, customer advocates, and public interest organizations.² All states, provinces and stakeholders are hereby invited to help build the Phase 1 effort now. Several questions are posed at the end of this brief document to obtain initial input on how the Phase 1 process should be structured and governed. While the Phase 1 process is under development, an ongoing commitment to open, transparent engagement with a broad set of stakeholders is presumed.

Initial tasks for the Phase 1 process are envisioned to include deciding on the form, mission, and scope of an entity with independent, West-wide governance. Additionally, the Phase 1 process would produce a charter to guide the operation of the independent entity, including milestones and a timeline; identify founding board members; and establish the new non-profit entity. We seek to finalize key elements of

¹ Letter from Western State Regulators and Energy Officials to Chair Megan Decker, Cabinet Secretary Sarah Cottrell Probst, Commissioner Andrew McAllister, and Laura Rennick (July 14, 2023) (available at: <https://www.westernenergyboard.org/wp-content/uploads/Letter-to-CREPC-WIEB-Regulators-Call-for-West-Wide-Market-Solution-7-14-23.pdf>).

² State officials from the following western states are currently engaging in this effort: Arizona, California, Colorado, Nevada, New Mexico, Oregon, and Washington.

the independent entity's governance by December 2023, and to identify and seat founding board members by January 2024. Once the founding board has been seated, the second phase of this initiative – the implementation phase – will begin.

Staffing and Funding

Staffing and funding to support this initiative will be secured. At the outset, staffing and facilitation will be provided by the Regulatory Assistance Project, with leadership from Carl Linvill, assisted by Jennifer Gardner.³ Funding derived exclusively from 501(c)(3) sources will support the initial work of this initiative. This arrangement will be evaluated over time and will likely require supplementation as the workload intensifies. We commit to ensuring that the initiative has access to consultants and advisors on the broad array of topics that may become relevant as the work proceeds.

Questions for Stakeholders

This is envisioned as a multi-phased effort. Stakeholder input and perspectives on how Phase 1 of this initiative is scoped and structured are critical. To that end, we are seeking stakeholder feedback on the following questions. Other perspectives and input beyond these questions are also encouraged.

1. The design of Phase 1 is being facilitated outside of any existing organization or decision-making process. What pros and cons do you see to continuing this approach in Phase 1? If you see challenges inherent in this approach, what solutions do you recommend?
2. What is most important to you about the structure and process for Phase 1? What solutions would you propose to address your structure and process-related priorities for Phase 1?
3. What do you like about the brief description of the Phase 1 scope and what would you change in the Phase 1 scope? Please provide your reasoning for any changes you propose.
4. What stakeholder engagement model do you believe is best suited to simultaneously enable:
 - a. broad stakeholder involvement in Phase 1 and future phases; and
 - b. an ability to efficiently move through the work that must be completed in each of those phases?

Comments and questions related to Phase 1 of this initiative should be submitted to Carl Linvill (clinvill@raponline.org) and Jennifer Gardner (jennifer@envisionenergyllc.com) by Monday, September 11.

³ Both Carl and Jennifer previously served as Members of the Western EIM Governing Body and possess extensive knowledge and experience regarding western governance and market issues.