

WESTERN ENERGY MARKETS

Policy spotlight: price formation enhancements - scarcity pricing

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WEM Governing Body Meeting

General Session

March 3, 2026



Stakeholder engagement and input

November 2024

Ongoing



- 17 stakeholder meetings
- 3 stakeholder-led presentations
- 109 average number of attendees at working group meetings
- 97 sets of comments received
- 2 papers produced

Evolution of scarcity pricing effort since October 2025 update

- October 28 WEM Governing Body meeting:
 - Multiple stakeholders expressed views on the urgency of comprehensive scarcity pricing changes; others submitted a letter supporting only incremental changes.
- November 10 and 20 working group sessions:
 - Working group sessions to consider parallel tracks:
 - Track 1: Proceed with balancing authority area-level mitigation + incremental scarcity rules.
 - Track 2: Launch comprehensive scarcity pricing design discussions.
- January 16, 2026, Market Surveillance Committee meeting:
 - Dr. Bushnell advocated for increasing market parameter values as an incremental way to improve scarcity pricing.
 - Dr. Harvey prepared material on the importance of effective scarcity pricing and how a new 30- or 60-minute reserve product could improve market efficiency.

Four key questions from the working group discussions

1. Should we start developing better scarcity pricing now, or should we wait for post-EDAM data?
2. Does reliability require scarcity price signals or is resource sufficiency enough?
3. To what extent does scarcity pricing remain necessary as demand-side participation in wholesale markets matures?
4. How do we ensure that scarcity price signals apply symmetrically across the entire Western footprint?

Stakeholder presentations

- Stakeholders will speak to their perspective regarding the urgency (or lack thereof) of comprehensive scarcity pricing reform, and how they view the interaction between these potential reforms and the upcoming EDAM implementation.
- Presenters:
 - Bonnie Blair, Senior Counsel, Thompson Coburn, on behalf of Six Cities
 - Chris Devon, Director of Government & Regulatory Affairs, Calpine Corporation
 - Kalia Savage, Principal Markets and Policy Analyst, Portland General Electric
 - Sibyl Geiselman, Market Policy Advisor, the Public Generating Pool (PGP)