



Northwest Public Power EDAM Governance Interests

January 23, 2019

This document addresses governance interests only; market design interests are addressed separately.

The governance foundation of a centralized day-ahead market is critical to an equitable sharing of value among participants. If the CAISO day-ahead market is to expand across the Western Interconnection, it will impact all entities in the West. It is therefore essential that the governance of that market reflect and represent the interests of all entities in the region.

- The NW Publicly Owned Utilities (NW Public Power) believe a fully independent governance structure, which can only be achieved through a legislative change in California, is the ideal governance approach for any multi-state market.
- NW Public Power recognizes the challenges associated with securing a legislative change at this time.
- The following interests are offered in an earnest effort to explore whether a delegated approach to governance, whereby the CAISO board delegates some level of authority to an EDAM governing body, can achieve sufficient independence so that:
 - Decision making represents and balances the interests of the consumers, market participants, and regulators across the proposed market footprint.

INDEPENDENT BOARD WITH AN INDEPENDENT SELECTION PROCESS

- EDAM Governing Body is of sufficient size to allow the EDAM Governing Body to be reflective of the different regions, market participants, and interests impacted by EDAM
- A clearly defined process for the selection of the EDAM Governing Body by a Nominating Committee comprised of representative regions and participants
- EDAM Governing Body members are independent¹ from market participants or regional governments

DECISION MAKING AUTHORITY OVER MARKET RULES THAT IMPACT EDAM FOOTPRINT

- EDAM Governing Body has decision-making authority for all day-ahead and real-time market design rules, unless the market change applies uniquely to the CAISO Balancing Authority Area and has no impact to the EIM or EDAM
- Decision-making criteria for the EDAM Governing Body is clearly defined and takes into account different regions, market participants, and interests

¹ See *Regional Transmission Organizations*, Order No. 2000, FERC Stats. & Regs. ¶ 31,089 (1999), order on reh'g, Order No. 2000-A, FERC Stats. & Regs. ¶ 31,092 (2000), *aff'd*, *Public Utility District No. 1 of Snohomish County, Washington v. FERC*, 272 F.3d 607 (D.C. Cir. 2001).

DURABILITY OF EDAM GOVERNING BODY

- The structure and decision-making authority of the EDAM Governing Body is highly durable and cannot be defunded or de-obligated without EDAM Governing Body consent

ENHANCED FORMAL INPUT TO EDAM GOVERNING BODY

- The EDAM Governing Body has an independent market expert that:
 - Provides industry best practices and advise on market design; and
 - Conducts analysis and monitoring of key market features to ensure proper function and efficient and fair outcomes for all market participants.
- A Market Advisory Committee with membership representing a balanced mix of market participants as a formal advisory channel to the EDAM Governing Body and CAISO Board of Governors
- The governance structure provides a formal venue for state public utility commissions, power marketing agencies, and public power from all regions impacted by the market to have input to the EDAM Governing Body on items under its decision making authority

THIRD PARTY DISPUTE RESOLUTION

- A dispute resolution process is codified that provides for recommendations of the EDAM Governing Body and the independent market expert to be considered by an independent third-party in the case that the EDAM Governing Body's recommendation conflicts with that of the CAISO Board of Governors

EXIT PROVISIONS AND FINANCIAL PROTECTIONS

- The EDAM Governing Body shall, as part of their mission, ensure that participation in EDAM is voluntary and that exit provisions of less than 6 months exist without assessment of an exit fee

EDAM GOVERNING BODY INPUT INTO CAISO RESOURCE ALLOCATION

- EDAM Governing Body will have the ability to prioritize and have dedicated iso resources to address market design issues

TRANSPARENT PROCESS AND REVIEW

- EDAM Governing Body decision-making, and stakeholder engagement occur in a transparent and inclusive manner
- A review period is established for EDAM Governance to consider if changes are warranted as the market evolves.

The group of entities that adopted these “Northwest Public Power Interests for EDAM Governance” represents nearly all the publicly-owned utilities in the Pacific Northwest that:

- Serve 8400 aMW of load;
- supply energy in the Western Interconnection from hydroelectric facilities with a total nameplate rating exceeding 7400 MW;
- comprise approximately 94% of BPA's Tier 1 power load and fund almost 80% of BPA's power operation and nearly 70% of the agency's overall costs; and
- serve load in Oregon, Washington, Montana, Idaho, Nevada, Utah, Wyoming, and California.