

**Comments and Observations on Market Governance
of the
Undersigned EIM Entities**

The undersigned EIM Entities¹ appreciate the opportunity to submit these high-level observations and comments on the questions asked by the Governance Review Committee (“GRC”) at the Western Energy Imbalance Market (“WEIM”) GRC Scope of EDAM Governance Review, presented on February 17, 2022 (“Scoping Meeting”).

It should come as no surprise that there is a diverse set of opinions among the many EIM Entities, whom are located in many states, have diverse resource mixes, and may view Western market developments through more than one lens. Across this diversity, there are key principles that are critical for the GRC to understand as the next phase of work commences.

First, governance that is independent in both reality and perception continues to be the long-term objective of the EIM Entities. The EIM Entities agree that additional reforms that increase the independence of the CAISO governance structure are desired to encourage more participation in the EDAM. The EIM Entities appreciate the work of the GRC to bring forward the governance reforms that were put into place in 2021; however, additional changes are recommended to enable an expanded scope for EDAM.

Second, all market participants benefit from broad and diverse participation. Therefore, governance solutions that enable the broadest range of participation in EDAM should be carefully considered. While many EIM Entities prefer a Primary Authority model that places more authority within the hands of the independently appointed EIM Governing Body, others believe appropriate application of Joint Authority is the best solution for an EDAM design.

Across state boundaries, there appears to be universal or near-universal recognition that if an RTO emerges in the West, with full functionality of Balancing Authority Area consolidation, transmission cost allocation, common Resource Adequacy rules, and other elements, there must be a fully independent Board to enable buy-in across a wide region. We recognize that this is far outside the GRC scope, but it shapes the views of certain EIM Entities when considering the governance of EDAM.

EDAM is not an RTO, to be sure. However, EDAM is viewed as an incremental step toward greater regional collaboration including, potentially, an RTO. Many EIM Entities view EDAM as critically important and impactful on their operations, the surrounding bilateral markets, and the interests of their customers. This is at the heart of the issue and why governance is so critical.

EDAM may not be an RTO, but it is still a significant step that will impact system reliability and economics. Many of the WEIM entities believe that greater movement toward independent governance of the market as part of EDAM’s design now, will support broader participation in the markets that can be realized, and the greater the benefits will likely be for all participants.

¹ Arizona Public Service, Avista Corporation, Balancing Authority of Northern California, Bonneville Power Administration, Idaho Power Company, Los Angeles Department of Water & Power, PacifiCorp, Powerex, Portland General Electric, Public Service Company of New Mexico, Puget Sound Energy, Salt River Project, Seattle City Light, Tacoma Power, Turlock Irrigation District, Tuscon Electric Power.