



# **Policy Initiatives Catalog and Roadmap Process**

**October 11, 2024**

## Background

In its role as a market operator, the ISO is continuously engaged in evolving its markets to respond to the needs of a broad and diverse set of stakeholders, market participants, and regulators. To enable the development of policies that improve ISO market operation, reliability, and efficiency, the ISO administers an open and transparent stakeholder process. This stakeholder process takes an iterative approach to policy development that begins with policy initiative planning and continues with proposal development, approval, and implementation.

Through the annual Policy Catalog and Roadmap process, the ISO solicits policy initiative proposals from stakeholders, assesses stakeholder support for proposed policy initiatives, and documents a work plan for future policy initiatives. This document describes the purpose and process of the Policy Catalog and Roadmap and guides stakeholders on how they can participate in this process.

## Policy Initiatives

The ISO undertakes a stakeholder process for all market policy and design updates that require a change to the ISO tariff. Through the stakeholder process, ISO staff work with stakeholders in an open, public process to identify problem statements and iteratively develop policy solutions that culminate in proposals that ISO staff present to the ISO Board of Governors and/or the Western Energy Markets Governing Body for approval. For the purposes of the Catalog and Roadmap, these policy initiatives are classified into two categories: discretionary and non-discretionary.

### *Discretionary Policy Initiatives*

Discretionary policy initiatives encompass changes to ISO market design that are not required for regulatory compliance or to address an urgent market issue. These initiatives may seek to improve ISO market efficiency and/or reliability, or address a market design flaw. Discretionary policy initiatives may be broad and conceptual in nature, addressing a topic where stakeholders agree there may be opportunities to improve market design, but there is no consensus on a design flaw or problem statement. They may also be more specific, and identify how and why particular elements of existing market design are not working as intended.

### *Non-Discretionary Policy Initiatives*

Non-discretionary policy initiatives include changes to ISO market design that are required for compliance with regulation or to address an urgent operational or reliability issue. These initiatives include tariff changes required to comply with FERC rulemakings and state or regional policies. These initiatives are not optional, and must be included in the ISO work plan.

### *Process Improvements*

Market issues and proposed changes that do not require a tariff change are considered process improvements, and are addressed outside of the Policy Catalog and Roadmap process. Stakeholders should direct process improvement questions and requests to ISO customer service representatives, who will ensure these issues are brought to the attention of relevant ISO staff.

## Catalog

The annual ISO Policy Initiatives Catalog process provides stakeholders with the opportunity to propose policy initiatives, publicly present these initiatives to other stakeholders for clarification and discussion, and identify their priorities among these submissions. This process yields the Catalog document which compiles stakeholder-submitted discretionary policy initiatives and characterizes stakeholder support for each initiative.

### *Purpose*

The goal of the Catalog is to develop a “short list” of discretionary policy initiatives which reflect stakeholder priorities and will help inform Policy Roadmap development. Stakeholder and market participant input is instrumental to the ISO’s ability to continue to evolve its markets and the ISO is committed to soliciting this input in a predictable, transparent manner. To that end, the annual Catalog process is intended to provide stakeholders with equitable opportunities to propose and assess policy initiatives. The Policy Initiative Catalog is a critical input to the Policy Initiative Roadmap and work plan, and the annual cadence of the Catalog ensures that all proposals can be considered in the Roadmap development and internal prioritization process.

### *Process*

The ISO begins the annual Policy Initiatives Catalog process with a level-setting workshop in January to provide stakeholders with a preview of the timing of the Catalog development process and opportunities for stakeholder engagement. The ISO will also provide information about how stakeholders will be involved in prioritizing submissions and how the Catalog will inform Roadmap development. The goal of this workshop is to ensure stakeholders are prepared to submit policy initiatives proposals and participate in the prioritization process.

Following the January level-setting workshop, stakeholders may submit proposed policy initiatives during the month of February. These proposals may be for discretionary or non-discretionary policies. The ISO recognizes that non-discretionary policies may require an urgent solution to address a significant and immediate reliability threat or regulatory requirement, and can escalate such initiatives into a stakeholder initiative that bypasses the standard prioritization process. All discretionary policy initiative proposals will be assessed as part of the standard annual Catalog process.

In March and April, the ISO holds a series of informational workshops for both general stakeholders and the WEIM Regional Issues Forum. During these workshops, stakeholders have the opportunity to present their proposals and answer clarifying questions from other stakeholders. These presentations are intended to help the stakeholder community assess the impact of various proposals, group relevant proposals together, and prepare to identify their priorities.

Finally, in May the ISO will solicit stakeholder feedback on their priorities among the submitted discretionary policy initiatives, including whether they support or oppose the initiative and why.

The final Policy Catalog provides a summary of the stakeholder-submitted discretionary initiatives and characterizes stakeholder support for each initiative. The ISO finalizes and publishes the Policy Catalog in approximately June so that it can be used to inform the internal planning efforts that produce the Policy Roadmap.

## Roadmap

The Policy Initiative Roadmap is a work plan describing the policy initiatives that the ISO plans to undertake over the next three years, and is updated annually. All initiatives in the Catalog are considered for inclusion in the Roadmap, with the final Roadmap representing the intersection of stakeholder-identified priorities, initiative feasibility, urgency, and ISO resources. The Roadmap includes both discretionary and non-discretionary initiatives, as well as initiatives identified by stakeholders and initiatives identified by the ISO.

### *Purpose*

The Policy Initiative Roadmap provides stakeholders and ISO staff with an outline of planned policy initiatives over the next three years. The goal of the Roadmap is to preview the general scope of market design changes that the ISO is committed to addressing over the short and medium term, and provide transparency about the ISO's policy initiative planning.

### *Process*

The annual update to the Policy Roadmap begins when the Catalog is finalized in the early summer. The stakeholder-identified priorities are an important input to the Roadmap, and are considered alongside ISO-identified policy initiatives. This list of initiatives undergoes an internal prioritization process that is informed by stakeholders, ISO Critical and Strategic Objectives developed with ISO Board of Governors and WEIM Governing Body input, the ISO's own assessment of policy changes needed to ensure reliable and efficient operation of the grid and markets, and regulatory requirements. The scope, implementation timelines, and interdependencies of initiatives determines the number of policy initiatives that the ISO can undertake, and is limited by the availability of ISO, stakeholder, and vendor resources. The ISO releases a draft Roadmap in early fall, followed by a final Roadmap by the end of the year.

### Catalog and Roadmap Timeline

The Policy Initiative Catalog and Roadmap development process takes place on an annual basis as described above. The following table summarizes milestones during this process:

January	•Level-setting stakeholder workshop
February	•Stakeholders submit policy initiatives to Catalog
March-April	•Stakeholders prioritization workshops
May	•Stakeholders submit prioritization rankings
June	•ISO releases Policy Initiatives Catalog
July	•ISO begins Policy Initiatives Roadmap development
October-November	•ISO releases Draft Policy Initiatives Roadmap
December	•ISO presents Final Policy Initiatives Roadmap to Board of Governors/WEM Governing Body