



# PATHWAYS STAKEHOLDER PROCESS WORKSHOP SERIES

**Final Report**

September 2024



**GRIDWORKS**

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## Introduction

On April 10, 2024, the West-Wide Governance Pathways Initiative (WWGPI) Launch Committee released a Straw Proposal for a step-wise approach to establishing a “new nonprofit regional entity [that] could ‘serve as a means of delivering a market that includes all states in the Western Interconnection, including California, with independent governance.’”<sup>1</sup> The Launch Committee recognized that this also presents an “opportunity to re-evaluate how stakeholders engage with and help shape WEIM/EDAM rules.”<sup>2</sup> The Straw Proposal includes the following language:

### Role of stakeholders

*With the launch of the RO, the Launch Committee recognizes the opportunity to re-evaluate how stakeholders engage with and help shape WEIM/EDAM rules. Recent experiences in the West with greater stakeholder involvement in regional decision-making indicate a strong desire from some sectors for consideration of new meaningful ways for stakeholders to shape the Rules and implementation practices of regional energy markets and other programs. These Recent experiences include stakeholder-driven initiatives and committees piloted by the CAISO (e.g., the Gas Resource Management Working Group), the Program Review Committee of the Western Resource Adequacy Program, and the Markets+ Participant Executive Committee of Southwest Power Pool’s Markets+ offering.*

*The Launch Committee continues to evaluate how best to structure the stakeholder process for providing input into the RO’s consideration of market rules and any other matters under its authority. We expect the RO to be responsible for overseeing the stakeholder process associated with developing regional market rules. This topic, which is the target of the Launch Committee’s request for U.S. Department of Energy funding, may also require a thorough evaluation by the RO board itself as one its early and central tasks.*

*In the meantime, **the Launch Committee may make a recommendation for a robust RO-specific stakeholder process that would expand upon or adjust the existing stakeholder processes of the CAISO and other examples such as those listed above. We expect this to be addressed in a future workshop process. We look forward to stakeholder feedback on this important topic, both on the desired outcome and the appropriate timing of the effort.***<sup>3</sup> (Emphasis added)

The WWGPI Launch Committee engaged Gridworks to help gather stakeholder input on an RO-specific stakeholder engagement process. This effort has three distinct steps:

1. Gridworks developed a [research brief](#) on stakeholder processes used by Independent System Operators (ISOs) and Regional Transmission Organizations (RTOs) across the country.<sup>4</sup> The research brief and accompanying discussion in workshop one (July 11, 2024) aimed to ensure that all stakeholders had a similar baseline understanding of existing

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<sup>1</sup> Phase 1 Straw Proposal, West-Wide Governance Pathways Initiative, April 10, 2024 at p. 3

<sup>2</sup> Id. at p. 17

<sup>3</sup> Id. at p. 17

<sup>4</sup> [Considerations for a Western Regional Organization Stakeholder Engagement Process](#), Gridworks, July 2024

stakeholder processes, and to begin to elicit feedback from stakeholders on the core issues that need to be addressed in developing an RO-specific stakeholder process.

2. Gridworks facilitated workshops two (July 24, 2024) and three (August 2, 2024) to elicit stakeholder input on
  - a. the goals and objectives for a stakeholder process and
  - b. seven key questions regarding stakeholder process design.
3. Gridworks facilitated workshop four on August 28, 2024 to solicit stakeholder feedback on a [Stakeholder Process DRAFT Discussion Document](#).<sup>5</sup>

This document captures key takeaways and stakeholder ideas from the full workshop series. It is intended to support stakeholders in developing any additional feedback or comments on the [Stakeholder Process DRAFT Discussion Document](#), and to support the WWGPI Launch Committee and Work Groups in refining the Step 2 Proposal.

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<sup>5</sup> [Stakeholder Process DRAFT Discussion Document](#), West-Wide Governance Pathways Initiative Stakeholder Process Work Group, August 2024



## Key Questions for Stakeholder Process Design

### How could issues and solutions before the Regional Organization get raised? Who leads?

1. Policy topic selection: who selects among a list of competing priorities for stakeholder attention?
2. Originating policy framing: who first presents a problem statement and solution range?
3. Stakeholder-led workshops: who has responsibility for facilitating discussion and moving an agenda forward?
4. Selectivity of bottoms-up stakeholdering: how often and (possibly) through what nomination process are topics subject to a stakeholder-driven process?

### What could a sector-based committee and voting structure add?

5. Sector definitions: Should sectors be established? If so, how should they be defined?
  - a. Should they be weighted for voting purposes? If so, how?
  - b. What could be the value of sector designations outside of voting?
6. Voting: Should stakeholder engagement include voting? If so,
  - a. What kind of issues are selected to be voted on?
  - b. At what points in the process should voting be scheduled?
  - c. Should voting be indicative or binding?
7. Standing and ad hoc committee status: what sort of forums or committees do sectors use to organize themselves?

## Workshop #1 Summary

July 11, 2024: 9am-11am PT / 10am-12pm MT / 11am-1pm CT | Zoom

### Meeting Materials

- [“Considerations for a Western Regional Organization Stakeholder Engagement Process,”](#) a brief prepared by Gridworks
- [Workshop Agenda](#)
- [Workshop Slides](#)
- [Workshop Recording](#)

### Desired Outcomes

- A. **A shared starting point:** Participants are introduced to basic stakeholder engagement processes used by organizations and initiatives comparable to the Regional Organization
- B. **Reflections:** Participants share observations and reflections on what stakeholder engagement processes used by organizations and initiatives comparable to the Regional Organization suggest for our work here
- C. **Confirming next steps:** Participants provide input on the core questions to address via this workshop series

### Key Takeaways

- Participants would appreciate more clarity around process goals and objectives. Many commented that it would be helpful to know these details before they answer some of the questions in workshops 2 and 3.
- For several participants, stakeholder engagement models for decision-making should consider the fiduciary, reliability, operational and other legal responsibilities of load-serving entities and, ultimately, balance those responsibilities against the perspectives and priorities of other stakeholders. Likewise, end-use customers made a case for ensuring that as the CAISO considers updating its governance model to support a more regional market, it not lose sight of the needs of its existing CA customers.
- In a sector based process, it would be important to consider how to handle market participants that cover multiple sectors. That said, some participants were concerned that the process seemed to default to sector-based voting and encouraged being open-minded about different voting structures.
- There are mixed opinions and little consensus about which current ISO/RTO stakeholder engagement process works best. Likewise, there was no consensus about how formal or informal stakeholder engagement should be. In discussing differences between the CAISO and SPP Markets+, particularly in the chat, a handful of participants seemed to agree that the best place to be is somewhere between the two.
- Stakeholder engagement needs to be accessible to all voices and it can be very labor intensive to participate in the more formal processes. This can have the unintended consequence of disconnecting important perspectives from the process.

- This is an opportunity to do an important and meaningful update. Whatever happens should support the energy transition that is underway in the West, including being flexible and adaptive enough to include emerging technologies, demand response, distributed generation, etc..
- This history and evolution of different market formation efforts has often dictated the level of stakeholder engagement, with the trend being more formal and member driven processes in the east and less formal and more inclusive stakeholder-oriented processes in the west. For some participants, this argued against looking at existing processes and instead focusing more on letting 'where we want to go with this market' determine the shape of stakeholder engagement.

## Workshop #2 Summary

July 24, 2024: 9am-12pm PT / 10am-1pm MT / 11am-2pm CT | Zoom

### Meeting Materials

- [Workshop Agenda](#)
- [Workshop Slides](#)
- [Workshop Recording](#)

### Desired Outcomes

- Level-Setting:** Show stakeholders what feedback was captured from Meeting #1
- Take Aim:** Consider a starting point for potential goals and objectives
- Begin Designing What we Want:** Discussion of the workshop topic

### Key Takeaways

- Participants initially oriented around SPP Markets+ and CAISO, but as conversation progressed, more examples of stakeholder engagement were raised, particularly PJM. There was some discussion around considering a 'more flexible' version of the PJM process;
- The CAISO's recent efforts to solicit feedback and make adjustments to its processes, particularly around the Regional Issues Forum (RIF), are encouraging and send positive signals about being willing to listen to additional suggestions;
- Many participants expressed support for the RIF and want it or something similar to be retained. There also was support for the 'roundtable' approach, effectively an open discussion about sectors' stakeholder initiative priorities that culminates with a written report.
- Some processes, particularly in CAISO, seem open-ended and take a long time to complete. There is a desire for a process that is open, accessible and allows for meaningful feedback, but also has a set schedule with deadlines, etc.. Likewise, there was concern that some processes lack transparency on why some issues are selected and others are not. The general sentiment seemed to be that the CAISO process would benefit from more formality and transparency, but don't overdo the formality.
- There were mixed opinions on stakeholder v. staff driven processes, but many participants seemed to support exploration of a 'dual structure' under which staff and stakeholders work together to identify new issues and determine which group is best positioned to explore them.
- Some participants noted that the CAISO has changed from a staff driven process, that it is not just the staff coming up with concepts for stakeholders to consider. That said, it can take a while for stakeholders to realize that they have things that they are required to do. Stakeholders need to be able to recognize what their role is and work collaboratively.
- Work group processes can be lengthy and sometimes it is hard to tell when the process is complete. It also can be challenging to engage in work group processes in terms of



staffing and time management. In addition, when considering a work group approach, make sure that new entrants can participate quickly.

- The stakeholder engagement process should be developed based on the market that it is representing. Need to consider the differences between East Coast markets and West Coast markets if going to think about modeling something that includes elements of PJM/MISO.
- Some issues will not require a robust stakeholder or staff process. To help manage workloads, it would be helpful to figure out how to tier issues based on their importance and/or potential impact.
- The approach of having stakeholders own more of the problem/solution identification leads to more collaboration and relieves pressure on RTO/ISO staff, but intensity of stakeholder engagement at this level can be exhausting.
- It is important for the independent board/decision makers to see the diversity of stakeholder perspectives. Finding a way to bring forward the diversity of perspective is a key task of the stakeholder process so that decision makers can make informed choices that fit their responsibilities to customers and others.

## Workshop #3 Summary

August 2, 2024: 9am-11:30am PT / 10am-12:30pm MT / 11am-1:30pm CT | Zoom

### Meeting Materials

- [Revised Goal and Objectives](#)
- [Workshop Agenda](#)
- [Workshop Slides](#)
- [Workshop Recording](#)

### Desired Outcomes

- A. **Level-Setting:** Show stakeholders what feedback was captured from Meeting #3
- B. **Take Aim:** Move forward with a set of goals and objectives
- C. **Begin Designing What we Want:** Discussion of the workshop topic

### Key Takeaways

- There is general acceptance of sectors because they get the right people to table, support inclusiveness and promote relevant sharing of information. Sector organization is critical and the sector lead plays an important role. Most participants agreed that sectors need to be balanced and have equal weight.
- Don't be too granular in defining sectors, and be flexible in defining participation requirements. It also is important to consider geographic balance in developing sectors.
- Most participants see merit to some form of voting, but have reservations about binding voting; there is support for indicative/advisory voting. Voting can help advance a process that is having trouble resolving a particular issue, ensure the minority position is still captured, and encourage collaboration and compromise both within and among sectors.
- There were some suggestions to us polling rather than voting. There are points in every process where a temperature check is necessary; there may be options other than a straight yes/no vote.
- Comfort with voting will likely come down to how the process is organized. It can be very detrimental if set up poorly, but very valuable if done in a balanced way.
- Not every issue needs to be voted on, consider identifying 'critical decision items' that require a vote.
- There is a lack of clarity about the level of authority that stakeholders should/will have; are they advisory or do they have real authority? Likewise, to what extent is it the responsibility of the board or other decision-making entity to ensure they are weighing the different stakeholder interests in their decisions?
- Related to sector organization, participants recognized that sectors will likely be different sizes and that the diversity of opinions and complexities of issues within sectors will vary. They appreciated the benefits of process consistency between sectors, but also believe sectors need to be able to develop their own internal processes based on the membership size, the complexities within the sector and other factors.

## Workshop #4 Summary

July 24, 2024: 9am-12pm PT / 10am-1pm MT / 11am-2pm CT | Zoom

### Meeting Materials

- [Stakeholder Process DRAFT Discussion Document](#)
- [Workshop Agenda](#)
- [Workshop Slides](#)
- [Workshop Recording](#)

### Desired Outcomes

- Shared Understanding:** Participants are introduced to the Discussion Document and the reasoning behind the choices in the document
- Refine the Design:** Participants share their ideas for strengthening the Discussion Document and identify areas that require further discussion
- Where We Go from Here:** Participants understand the next steps for refining the Discussion Document and the process for addressing any outstanding topics/issues

### Key Takeaways

- Participants appreciated the amount of thought and effort that went into developing the Discussion Document.
- There was widespread support for taking an inclusive approach toward stakeholder engagement and collaboration, including broad sector definitions to maximize participation and allowing any party to raise an issue for consideration.
- Parties also were comfortable with an annual policy portfolio/roadmap approach and recognized that issues will vary in complexity and require different degrees of formality to resolve.
- 'Balance' between the SRC and RO was a common theme and as the meeting went on, participants seemed more understanding and comfortable with the approach in the discussion draft.
- Initially, some participants seemed concerned that the discussion draft did not depart significantly from current RIF/CAISO processes but as conversation continued, they better understood some of the fine tuning and enhancements.
- Some areas that multiple parties commented would benefit from additional clarification/follow-up/definition:
  - Be careful about weighing things toward CA parties, need to ensure regional balance;
  - How will the remand process work? How will the override process work? Should the RO board have the final say? Which decisions will the RO board designate to staff and how will those decisions be made?
  - On voting, do individual votes count or is it the overall sector vote that counts? How much flexibility do sectors have to develop their own voting protocols? Some

cautions about not over-relying on voting and an interesting point that voting may actually help reduce workloads by avoiding repeated comment periods, draft proposals, etc.. Ultimately, participants seemed comfortable with the notion that indicative voting is a useful tool, but the goal is to encourage collaboration and compromise both within and among sectors.

- On sectors, there were concerns about sectors being weighted too much toward supply side interests and encouragement to add demand side interests for balance, discussion about recommending a specific seat for CCAs, some concerns about the number of seats for different sectors (and related effects on voting), discussion about the differences between transmission dependent utilities and participating transmission owners, and a question about how emerging technologies fit into the designated sectors.
- There were a few additional important clarifications during the meeting:
  - There is no recommendation to disperse FERC 205 rights to stakeholders;
  - Entities may not participate in more than one sector, either directly or indirectly through affiliate organizations. However, it is imagined that entities may switch which sector they participate in, likely no more than annually.

## Goals & Objectives for a Stakeholder Process

In workshop one, participants asked for more clarity around process goals and objectives. Gridworks offered a starting point, and solicited participant feedback during workshops two and three.<sup>6</sup> The goal and objectives below reflect participants' feedback.

### Goal

Develop an impactful stakeholder engagement process to inform the consideration of proposed market rules and other matters under the authority of the envisioned Regional Organization.

### Objectives

- Open and Accessible: The stakeholder engagement process is open and accessible to all interested stakeholder groups, sectors and sovereign nations. It also is representative of the diverse perspectives and opinions on issues pending before the RO. The workload and time commitment required for meaningful participation is reasonable and does not favor better resourced stakeholder groups and other participants.
- Clear and Consistent: The stakeholder engagement process is clear to and consistent for all stakeholder groups. Stakeholders and sovereigns understand their responsibilities and opportunities to engage.
- Collaborative: The stakeholder engagement process encourages collaboration and compromise among different stakeholders and between stakeholders, sovereigns, staff and other non-stakeholder entities active on issues pending before the RO.
- Timely: The stakeholder engagement process enables participants to provide timely recommendations and feedback on Regional Organization decisions.
- Informed: The stakeholder engagement process provides participants with relevant information and data necessary to inform their participation.
- Transparent: The stakeholder engagement process shows stakeholders how their perspective/feedback was considered by decision-makers and documents minority views to ensure important viewpoints are not lost in the process.
- Adaptable: The stakeholder engagement process can be adapted to future challenges and applications.

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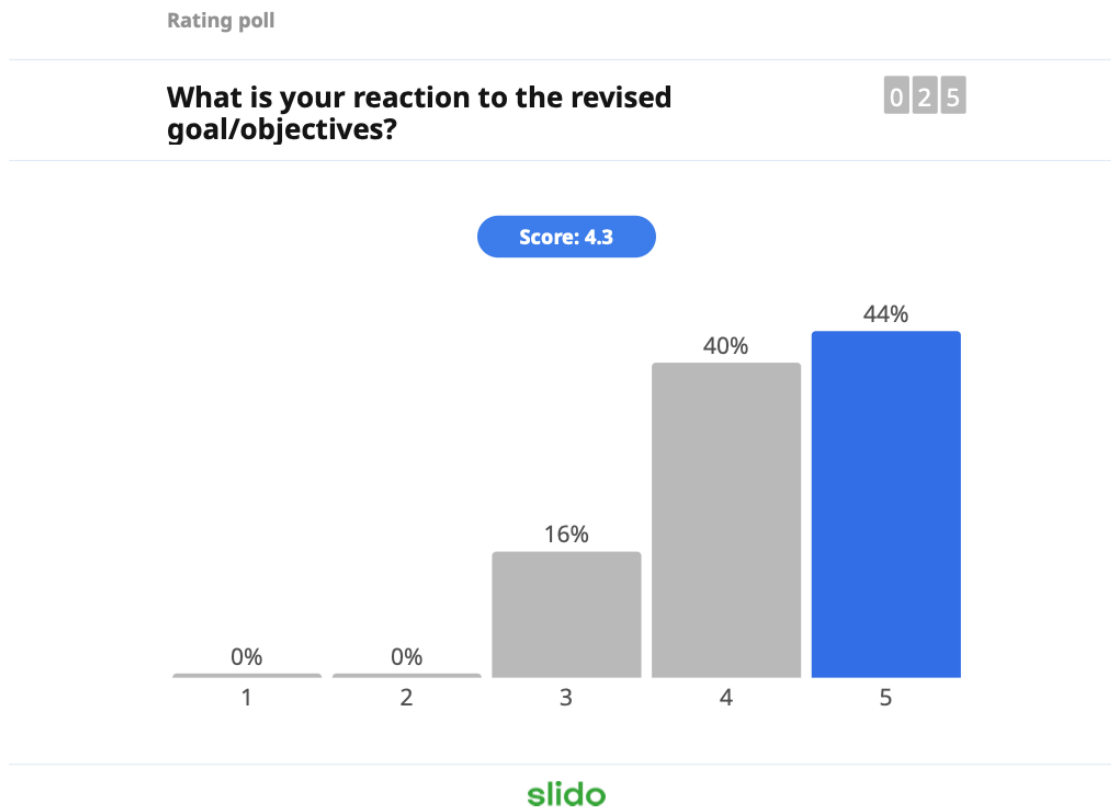
<sup>6</sup> [Stakeholder Process Workshop #2](#) at slide 7 and [Stakeholder Process Workshop #3](#) at slide 6.

## Independent Facilitator Observations

As an independent facilitator, Gridworks offers the following observations on the progress supported through these three workshops. These observations were formed through our facilitation of workshops one through three, as summarized above.

- Workshop participants have been able to largely agree on a goal and objectives (as captured above). Participants in workshop three were polled to gauge their support of a near final draft of the goal and objectives. Their responses were positive.

Figure 1: Poll on reactions to revised goal and objectives



These poll results are by no means scientific or final, but they do suggest that at a high-level participants have a shared vision for success.

- Workshop participants have shown a high-level of familiarity with the subject matter. Contributors have represented both knowledge and experience participating in comparable stakeholder engagement initiatives across the country. In the facilitator's judgment, workshop participants have the knowledge and experience necessary to draw informed conclusions. This is a critical asset, not to be taken for granted.
- Contributors have come from a wide-range of interests and backgrounds. Representatives of at least 32 organizations have contributed actively. Moreover, as the following data suggests, those contributors represent a reasonable level of diversity, both geographically and by sector.



Figure 2: Active Participants by Sector

Active Participants by Sector

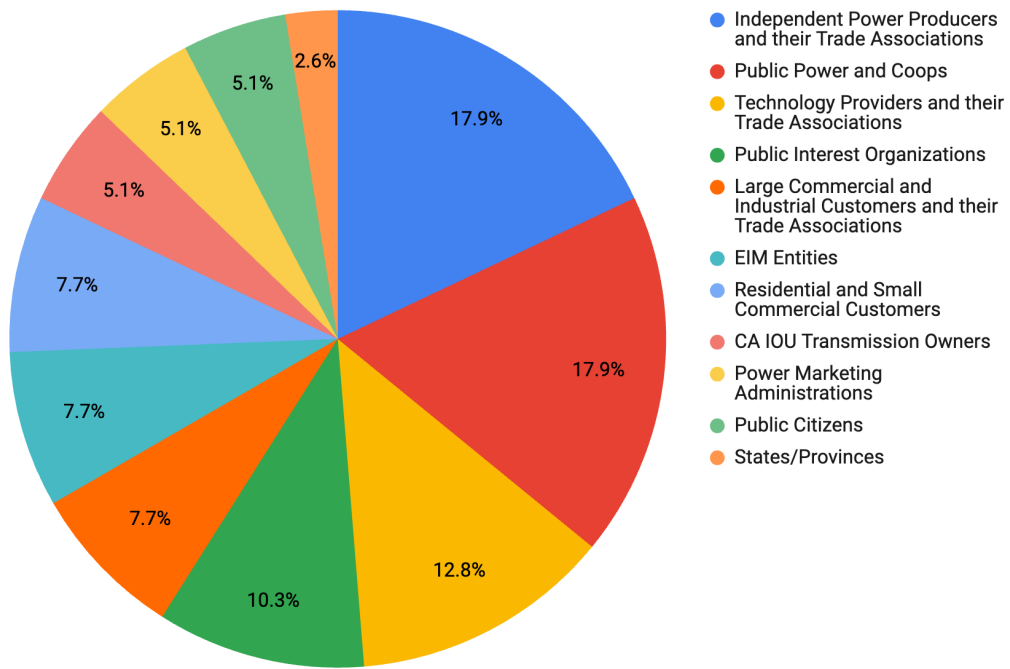
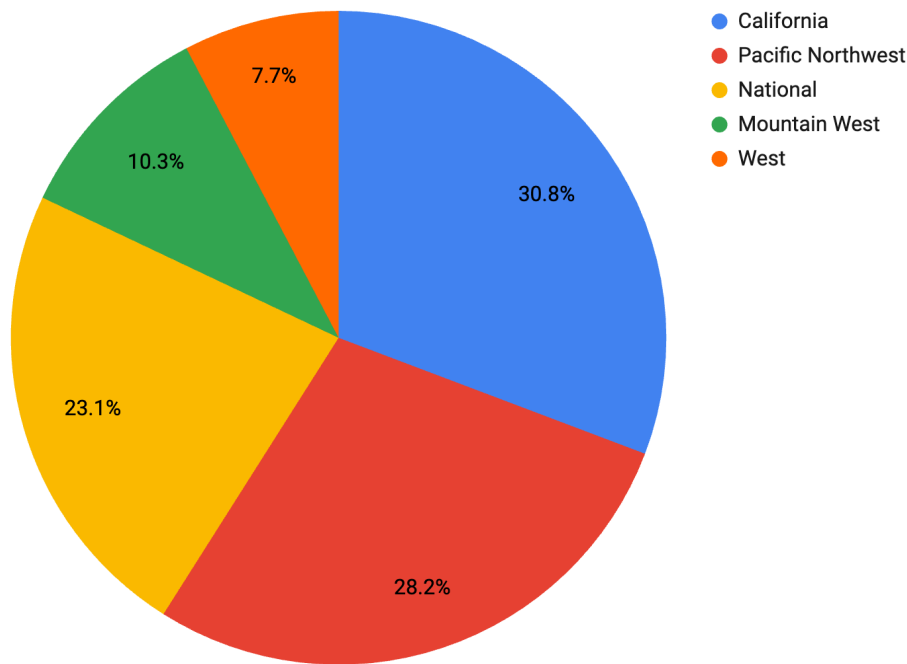


Figure 3: Active Participants by Geography

Active Participants by Geography



That being said, there is always room for improvement in representation. In sharing this data, we hope to call attention to perspectives that may be missing and to invite missing representatives to step forward.

- Workshop participants appear to be in a state of convergence. In the facilitator's judgment, perspectives on how to address the questions posed in the workshops began further apart, but have narrowed. This is not to understate the challenge of reaching agreement or consensus. But it does suggest the collaborative nature of this process is bringing perspectives into closer alignment.

As an independent facilitator, Gridworks does not express an editorial opinion on what the regional organization's stakeholder engagement process should be. Instead, we are focused on whether participants in this process have the information, representation and support they need to accomplish their goals. These observations are to lend perspective toward that end and to encourage continued effort.

## Next Steps

### Stakeholder Comments

*Due September 11, 2024*

Stakeholders are invited to provide written comments on the [Stakeholder Process DRAFT Discussion Document](#), as well as share any other thoughts they may have regarding a stakeholder engagement process for a Regional Organization. Please use the [stakeholder comment template](#) and email comments to [Comments@WestWidePathwaysInitiative.org](mailto:Comments@WestWidePathwaysInitiative.org) by September 11, 2024.

### Step 2 Proposal

The WWGPI Launch Committee and Work Groups will take into consideration the input and feedback shared during the workshop series, and any written comments received, as they develop the Step 2 Proposal.

## QUESTIONS?

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