

## *A Time for Choosing Looms*

I am a self-confessed history lover. Almost any history is of interest to me, but my family involvement in politics over several generations makes me a particular consumer of political lore. “A Time for Choosing” was a speech given in 1964 by an aging actor named Ronald Reagan in support of Barry Goldwater. While Goldwater would get swamped by Lyndon Johnson in the election – not what Reagan advocated – but the speech launched Reagan to national prominence as a political candidate.

Western utilities appear to be ready to make a pivotal set of choices that– it’s hoped – will be a big step towards regional integration of its power market. Will it be CAISO’s “EDAM” or SPP’s “Markets+”? While many utilities are widely assumed to be in one or the other, there are a few key ones that are viewed as pivotal to making one market platform or the other the more dominant one.

All the utilities in Colorado and the Eastern front of the Rockies will almost certainly saddle up with SPP, and public utilities in the Northwest have thrown their support behind SPP. PacifiCorp, Portland General, and Seattle City Light are expected to join with the BANC and LADWP around the EDAM “campfire.”

But what will Nevada do? How about Idaho? Will Arizona be influenced by the choices of other utilities? I confess I was tempted to open a betting book on several of these choices as the rumors and guesses have dominated conversations that I’ve recently had around the region.

Thus, while EDAM has its tariff approved and is busy filing answer to FERC on a few items, SPP is posed to file its own tariff at the end of this month or early April. The effort to improve the governance of EDAM has reached a fever pitch with the Launch Committee of the effort known as Pathways, which I participate in, is about to offer a “step proposal” to lead to independent governance of EDAM.

Amidst all this activity, a “Seams Study” that WPTF co-sponsored with the Public Generating Pool (PGP) was released last month to a strange reception in the Western community. The study, superbly authored by Caitlin Liotiris of Energy Strategies with help from Carrie Bentley and Kallie Wells of Gridwell, laid out issues confronting the existence of two day-ahead markets. It noted several points that appear unique to day-ahead markets versus seams management between RTOs. The reaction has been strange in that advocates of each market viewed the study in the light of how it would make “their market” look rather than the intent to highlight work that needs to be done. If you haven’t seen the study, find it ([https://www.wptf.org/files/Western\\_Day-Ahead\\_Seams\\_Exploration\\_FINAL\\_240116.pdf](https://www.wptf.org/files/Western_Day-Ahead_Seams_Exploration_FINAL_240116.pdf)).

Of course, there are plenty of other things happening in California, carbon markets, Resource Adequacy, etc. You will find that in the meaty pages that follow. But for now, get your bets in...

Scott Miller

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## *Save the Date*

Check the WPTF website for all the details.

**2024 Summer General Meeting**  
Big Sky Resort, Montana  
August 21 - 23

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# WIDER WEST COMMITTEE (2WC)

*Caitlin Liotiris*

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*Caitlin Liotiris is a Principal at Energy Strategies, where she has more than 15 years of experience supporting a wide range of clients in the electricity sector, including supporting market analyses and transmission development activities. Caitlin coordinates WPTF's Wider West Committee (2WC), which engages on market, policy, reliability and technical developments in the "wider West," generally outside of California. The 2WC is active in advocating for broader western energy markets, which includes active participation in the NorthWest Power Pool's Western Resource Adequacy Program (WRAP), and in coordination with the CAISO Committee on the EIM and EDAM, especially as they relate to tariff provisions and impacts outside of the CAISO. Caitlin brings her analytical, regulatory, policy and strategic expertise to bear in supporting 2WC members by providing information and advocacy on a wide variety of issues affecting the electricity industry.*

## **Markets+ Defies Reasonable Expectations and Moves to File Tariff for Approval After Less than a Year in Development**

In April 2023, as the Markets+ Phase One effort was kicking off, stakeholders sought to accelerate the filing of the tariff with the Federal Energy Regulatory Commission (FERC), targeting Q1 2024. Many were skeptical of the compressed timeline and doubtful that Markets+ could produce a day-ahead market tariff, with broad stakeholder buy-in, with only around nine months of in-depth work. Fast forward to today, and the stakeholder process has defied expectations. On February 20th, the Markets+ Participants Executive Committee (MPEC) approved the remaining tariff items for Markets+ and the group overwhelmingly voted to endorse moving the tariff to a FERC filing. The tariff was also approved by the Interim Markets+ Independent Panel (IMIP) on March 1st, with one modification that's discussed I below. This clears the way for the Southwest Power Pool (SPP) Board to consider approving the tariff, which it will do on March 25th. And, assuming the SPP Board votes to approve it, the tariff will be filed with FERC before the end of March, narrowly achieving the Q1 2024 target for a FERC filing that was established at the beginning of the Phase One Markets+ effort.

For this to occur, there were a number of significant items that required resolution in the last few months. Markets+ stakeholder

groups had to develop a greenhouse gas (GHG) dispatch framework for states with GHG pricing paradigms which was amenable to a wide variety of stakeholders. Not only was one developed and approved but, as the Carbon and Clean Energy article discusses, WPTF prefers the Markets+ approach. Additionally, the group had to resolve disputes that arose over the governance structure and, specifically, the voting structure for the Independent Sector of the MPEC. They also had to address disagreements over market monitoring issues, including a concern around a potential gap which was raised by the Market Monitoring Unit (MMU) and echoed by state representatives. Despite these potentially daunting issues, the stakeholder process worked to develop consensus and arrive at solutions. It is certainly a demonstration that the Markets+ stakeholder process and approach can work for the West.

While the Markets+ tariff language has been developed, there is still more work to be done. The various Markets+ working groups and task forces are now turning their attention to items that have been put in the "parking lot" and to market protocol development. These initial discussions reveal that there are still lingering issues that need to be addressed and different perspectives on how the tariff language will work in practice. For instance, in the Markets+ Transmission Working Group, there are questions regarding how transmission use will be implemented by the market (with

Western stakeholders highlighting the need to consider limitations on dynamic transmission use) and question about individual Markets+ Transmission Providers altering or further restricting provisions in the Markets+ tariff within their own tariffs. Given the collaboration of participants to date, these issues seem likely to be resolved, but they demonstrate that there is still more work to be done.

As SPP turns its attention to the next phase of Markets+, it's made updates to the timeline and process. SPP is now indicating that the next funding commitment will take place in Q4 2024, providing more time for potential participants to make decisions on the next phase of funding. And, the anticipated go-live date for the market has been pushed out to 2027, providing additional time for market testing and implementation.

While there has been a lot of positive movement on Markets+, it is not all good news.

Just before the IMIP met to consider approving the Market+ tariff, SPP received notice from the Western Area Power Administration (WAPA) Desert Southwest (DSW) region that it would terminate its Markets+ Phase One agreement and had no plans to participate in Phase Two (at least at this time). WAPA-DSW indicated that day-ahead markets (both Markets+ and EDAM) need to demonstrate a more compelling business case for WAPA-DSW to proceed with either day-ahead

market option. This notice caused a last-minute removal of "special provisions" for WAPA-DSW that had initially been part of the Markets+ tariff when the IMIP met on March 1st. And while the announcement may have been disappointing, it doesn't diminish the significant progress Markets+ has achieved in a very short timeframe.

#### **Recent Colorado Public Utilities Commission (PUC) Proposed Decision Could Complicate Tri-State's Entrance into SPP's RTO-West**

The Colorado PUC recently issued [proposed rules](#) outlining a process and requirements for certain utilities in the state (including Tri-State and the investor owned utilities) to use when seeking to join a day-ahead market or an Organized Wholesale Market (OWM), which is the term used in Colorado Statute to describe an RTO. If adopted, the rules have the potential to delay or complicate Tri-State's participation in either RTO-West or Markets+. That's because of the additional requirements that the proposed rules would require day-ahead markets and OWMs to meet. The Colorado PUC would need to find that an OWM (and a day-ahead market) have a "GHG Tracking and Accounting System" which is sufficient to ensure compliance with Colorado's emission reduction requirements. The rules also require an OWM to have "*FERC-approved Generator Interconnection Procedures and*

*Agreements that enable timely implementation of Colorado's electric resource planning processes...*"

Both requirements could present a problem for Tri-State's entry into SPP's RTO-West. This is because, first, RTO-West never envisioned developing a GHG Tracking and Accounting System, as required in the proposed rules. Thus, the SPP RTO tariff would need to be modified to meet the requirements of the proposed rules. And because RTO-West is part of the larger SPP footprint, such a change would likely need approval from many existing SPP members, some of which may be reluctant to add GHG provisions to their tariff, given many of them operate in states where GHG is not regulated.

Second, the Colorado PUC Chair has historically been highly critical of SPP's interconnection processes. So, it's possible that, without modification and demonstration of effectiveness, the SPP RTO may not be deemed to meet the interconnection requirements contained in the proposed rule. Thus, it is possible that these proposed rules, if adopted, could complicate the path for Tri-State to join SPP's RTO-West. The rules also cement the need for a GHG Tracking and Accounting System for non-pricing states within Markets+, but the development of this approach is already planned and underway.

The Wider West Committee will continue to monitor and report on developments as they progress.

# CARBON AND CLEAN ENERGY COMMITTEE

*Clare Breidenich*

*Clare Breidenich coordinates WPTF's Carbon and Clean Energy Committee. In this role, Clare has been actively involved in the development of California's cap and trade program since its inception and has particular expertise on issues related to the treatment of electricity imports under the program and the interactions of the carbon market and the markets operated by the CAISO. Clare also represents WPTF on matters related to carbon and clean energy policies in other western states.*

*Prior to joining WPTF, Clare worked on international climate issues at the Environmental Protection Agency, the US Department of State and the United Nations Framework Convention on Climate Change Secretariat. Clare has extensive knowledge of the technical and policy options for greenhouse gas mitigation, including market mechanisms, and methodologies and protocols for estimation, reporting and verification of greenhouse gas emissions and reductions. She has served on the Washington Governor's Climate Action Team, the Washington Carbon and Electricity Markets Workgroup and on a National Academy of Sciences' Committee on monitoring of greenhouse gas emissions. Clare is a graduate of the University of Michigan and has a Master of Public Affairs and a Master of Science in Environmental Science from Indiana University School of Public and Environmental Affairs.*

## **Markets+ GHG Design Diverges from EDAM Approach**

It's Now that SPP is poised to approve the Markets+ tariff, in this edition we'll take a break from the discussing developments in the state cap and trade programs, and instead explore how the two competing day-ahead markets (EDAM and Markets+) differ in how they address the state programs in their respective market designs.

We'll start with the GHG pricing approach in EDAM, since that tariff is already adopted. For some historical context, before Washington's adoption of the Climate Commitment Act, the California cap and trade program was the only program in the world that regulated imported electricity. Thus, the CAISO was the first market operator who had to wrestle with accommodating GHG costs. This was relatively straightforward for the imports at the CAISO interties (before the advent of the EIM), because all the CAISO had to do was allow energy offers to include a bid parameter to reflect their anticipated GHG cost, as any successful offer would result in an import to the CAISO and thus California.

Accommodating the California cap and trade program into the EIM was far more complicated, because emitting resources located outside of California needed to be able to cover their GHG compliance costs if and only if its dispatched energy was

deemed to serve California load. The CAISO adopted what was initially considered to be an elegant solution: it allowed resources outside California to optionally include a GHG bid adder if the resource operator was willing to serve load in California and thus be subject to the state's cap and trade program. The dispatch engine then minimized total costs across the EIM footprint, taking into account both energy bids and GHG bid adders, to determine which resources were deemed to serve load in California.

What happened next was, in hindsight, completely predictable. To minimize GHG costs the dispatch engine could simply deem non-emitting electricity to California and avoid deeming electricity from emitting resources. And it did that, regardless of whether that non-emitting electricity had actually been intended to serve load outside California. This had the effect of displacing gas generation in California and increasing the dispatch of emitting resources outside California to backfill for the non-emitting electricity deemed to California. In response to concerns raised by the California Air Resources Board about this so-called 'secondary dispatch,' CAISO went back to the drawing board in 2017 and added a constraint that would (imperfectly) limit the 'deemable'

volume of a resource's output to the dispatched quantity above that resource's base schedule (i.e. its hour-ahead schedule).

The EDAM approach to GHG pricing is fundamentally an extension of the EIM approach. However, because there are no base-schedules in a day-ahead market, CAISO will instead use a separate GHG reference run. For resources located outside California that are not contracted to LSES in California, the dispatch level from the GHG reference run serves as each resource's defacto base-schedule. EDAM will also include a second constraint that additionally limits the deemable volume of a resource to the amount exported by the resource's host BAA in that interval. If that BAA is not exporting, no energy dispatched by resources within the BAA can be deemed to California.

WPTF has had concerns with the EDAM GHG approach since day one. Our first concern is that the GHG reference run separates the cap-and-trade areas (California and Washington) from the rest of the EDAM footprint. Thus, if a low cost, non-emitting resource is fully dispatched in the reference run for serving the non-CAISO footprint, no portion of that resource's output would be deemable to California. Not only is this unfair to operators of non-emitting

resources that would like to sell into California and capture the carbon premium in electricity prices, but it also means that any surplus non-emitting generation serves other states first. This latter consequence increases GHG emissions associated with imports to California, and costs to California consumers.

Further, in substantially limiting the volume of deemable energy through the GHG reference pass and export constraint, CAISO may have inadvertently created a scenario where the EDAM runs out of economic deemable electricity California. In that scenario, the EDAM will either need to call upon higher cost resources within California or violate the GHG constraints on imports.

The Markets+ GHG approach avoids these problems in several key aspects. First, Markets+ does not rely on a counterfactual reference dispatch to determine the volume of surplus energy that may be attributed to the cap-and-trade areas. Instead, it will provide resource operators the opportunity to bid electricity as "surplus" in accordance with state regulatory requirements. Verification and enforcement that electricity was appropriately bid as surplus will be left to state regulators.

Second, the Markets+ GHG design will enable unspecified electricity to be attributed into the GHG pricing states, if

authorized by state regulations. Under conditions where it would be higher cost to call upon resources located in the cap-and-trade state or on specified imports, the dispatch engine could instead attribute some volume of electricity from the collective output of resources that are unwilling or ineligible to be attributed on a resource specific basis and treat this bulk import as unspecified electricity. Attribution of unspecified electricity would not result in cap-and-trade compliance obligation for resource operators supporting the import, but instead would fall on LSEs within those states.

Work to accommodate state climate policies continues to in both market operator processes. Within the EDAM GHG workgroup, which is intended to improve upon the current EDAM GHG design, WPTF and other stakeholders who have been active in the Markets+ process are pushing to incorporate features of the Markets+ GHG design into a future evolution of EDAM. Additionally, both markets are beginning to consider the needs of states and entities with load-based GHG Reduction targets, such as those in Oregon and Colorado and RPS-style Clean Energy programs, such as in New Mexico or under Washington's Clean Energy Transformation Act. Because load based GHG



Reduction or Clean Energy programs do not rely on carbon price signals, the approaches developed for the cap and trade programs will not work.

Some stakeholders have advocated for the addition of another market constraint that would cap energy deemed to serve LSEs GHG reduction programs based on a maximum emission value set by each affected LSE. However, SPP has raised concerns that such an approach would not pass muster with FERC, because it would impact prices (and thus rates) in

those states in the absence of a regulatory basis in state law. Other stakeholders question the feasibility of implementing such an approach in a market that provides for actual carbon pricing. As an alternative, WPTF and other stakeholders advocate for an approach that would attribute energy and associated emissions from owned and contracted resources to LSEs with GHG reduction or Clean Energy targets or voluntary goals and provide for calculation of a more accurate emission rate for 'residual' market energy.

# CPUC COMMITTEE

*Gregg Klatt*

*Gregg Klatt coordinates the CPUC Committee. Gregg is a practicing attorney with over 20 years of energy industry experience. With a practice focused on state and federal regulation of the electric power and natural gas industries, Gregg has represented clients in numerous rulemaking proceedings before the CPUC, CEC and CARB. He advises energy companies concerning regulatory requirements affecting their product and service offerings. He represents generators, marketers and retail suppliers in licensing, compliance and enforcement matters. And he provides regulatory counsel in energy-related transactional matters, including procurement contracting, resource development and repower projects, asset dispositions, and related financing arrangements. Gregg received his J.D. from UC Berkeley's School of Law and has a B.A. in History from the University of San Francisco.*

## **Slice-of-Day 2025: Good Thing, Bad Thing?**

It has been nearly a year since the Commission adopted the Slice-of-Day framework, wherein load-serving entities (LSEs) will need to meet 24 hour-specific system resource adequacy (RA) requirements for each month of the compliance year. The 2024 compliance year is a test year for the new program construct, with LSEs submitting year-ahead and four separate month-ahead compliance showings for non-binding SOD requirements.

In recent months, I have been repeatedly asked to handicap the chances of SOD being fully implemented for the 2025 compliance year, including most recently at the WPTF Winter Meeting. And I have repeatedly given the same answer: The safe money is 2025. But I am no longer so sure of that.

The CPUC Energy Division's initial [report](#) on the 2024 test year, issued in February, revealed that a lot of work still needs to be done before SOD can be fully implemented. Tasks that staff needs to complete before SOD goes live include finalization of the LSE compliance reporting template and the master resource database, which will require resolving a host of resource accounting and other data-related issues, as well as the addition of new functionalities that stakeholders have identified as needed or desirable. And staff still need to calculate updated exceedance values for wind and solar resources across the WECC.

LSEs have also identified problems with the methodology and process for establishing the load forecasts used to set their individual requirements. And it still remains to be seen exactly how the current 17% planning reserve margin will be “translated” into the SOD framework. (I like to call it Schrödinger's PRM. But apparently no one else thinks that is funny.)

There are also half a dozen proposals and recommendations for modifying or refining other key elements of the SOD framework [teed up](#) in the current track of the CPUC's Resource Adequacy proceeding. They include a proposed Unforced Capacity framework for valuing thermal and battery storage resources, proposed changes to the qualifying capacity rules for hybrid and co-located resources, and proposed refinements to the exceedance methodology for valuing wind and solar resources and to the energy sufficiency test for storage resources. A proposal to allow load-serving entities to “trade” hour-specific procurement obligations has also been revived from the prior proceeding and now has significant traction.

All these issues, problems, proposals, and recommendations need to be resolved—and solutions implemented—months in advance of the year-ahead SOD compliance showings that are due at the end of October. But is it realistic to expect that to happen? Is it desirable? Or should the Commission take more time to make sure it gets things right the first time?

It depends on who you ask. From recently filed comments, it appears that PG&E is confident everything will be squared away in time for 2025. PG&E also gives a bunch of other reasons why 2025 should be a “Go,” none very compelling. But the most important reason for pressing on, at least according to PG&E, is that “delay is inequitable for LSEs that have proactively procured the right mix of resources to meet their SOD program requirements and load needs across all hours of the day,” a sentiment also held by at least one large direct access provider.

In contrast, SCE does not want SOD to be fully implemented in 2025 unless the Commission first adopts a system penalty waiver process, adopts SCE’s proposal for translating the status quo 17% PRM into the SOD framework, and allows resources that achieve commercial operation less than 45 days before a given compliance month to count as RA capacity for that month. (A large community aggregator is also on record calling for a delay unless a system waiver process is put in place.) And SDG&E simply wants the Commission to delay implementation to 2026, a position shared by at least one renewable developer and the major advocacy groups representing direct access providers and community aggregators. Heck, even the CAISO “sees merit” in taking another year to work out all the kinks.

Given this development, the odds are now basically even, red or black, 2025 or 2026. The deciding

factor will likely be what the other stakeholders say on the delay issue in reply comments, which are due March 22.

### **It’s a Bird...It’s a Plane...It’s Preferred System Plan**

The other major development since my last update is the Commission’s [adoption](#) of a Preferred System Plan (PSP) in the ongoing Integrated Resource Planning (IRP) proceeding.

By way of background, the IRP process is conducted in phases over a roughly two-year period. In the first phase, CPUC staff develop a Reference System Plan (RSP) to guide LSEs’ development of their biennial resource plans; LSEs submit their resource plans to the Commission for review and approval (or “certification” in the case of community aggregators); and staff aggregates the LSE resource plans into a Preferred System Plan. In the second phase, the Commission determines whether directed procurement is needed to ensure reliability and achieve the state’s clean energy and decarbonization goals. The Commission also transmits resource portfolios developed through its IRP process to the CAISO, which studies and uses the portfolios for its Transmission Planning Process (TPP).

The new PSP, which was developed by aggregating the LSE resource plans filed in 2022 and adding clean energy resources selected by RESOLVE, meets an aggressive GHG emissions target for the California electric sector of 25

million metric tons (MMT) in 2035. That represents a 58% reduction in GHG emissions compared to 2020. To achieve that reduction while simultaneously meeting the state’s reliability goals (a one-in-ten-year or 0.1 loss of load expectation), the PSP simulates 56.6 GW of new build between now and 2025. The buildout is roughly split evenly between solar (19 GW), wind (18.6 GW), and battery storage (18.5 GW), with sprinklings of geothermal (2 GW), long-duration storage (1 GW), and biomass generation (0.2 GW).

The new PSP will have many uses. Most immediately, the PSP will serve as the base case for study in the CAISO’s 2024-2025 TPP. It will also serve as the starting point (RSP) for LSEs in developing the individual resource plans they will be required to submit to the Commission later this year. And it will be used to update the avoided cost calculations used by the Commission in various rate setting and procurement contexts. (In addition to the PSP, the Commission adopted a High Gas Retirements portfolio that it wants to CAISO to study in the TPP as a policy-driven sensitivity case “to test the transmission buildout needed for a grid stress case where 15 gigawatts of natural gas generation resources are retired by 2039.”) Whether it is realistic to expect 56.6 GW of new supply to come online by 2035 and whether it is realistic to expect ratepayers to bear the associated costs are subjects for another day.



# CALIFORNIA INDEPENDENT SYSTEM OPERATOR (CAISO) COMMITTEE

*Carrie Bentley*

*Carrie Bentley is the co-founder and CEO of Gridwell Consulting and has over a decade experience in the energy industry across the ISO/RTO markets. Ms. Bentley currently provides analysis and strategic support on “all things California ISO,” including transmission, interconnection, capacity, storage assets, and the energy markets. Prior to becoming a consultant, Ms. Bentley most recently had been acting as a lead market design and regulatory policy developer at the CAISO, leading design and stakeholder initiatives in critical areas such as flexible ramping, resource adequacy, and renewable integration. Prior to the CAISO, Ms. Bentley was a consultant for GDS Associates, an engineering and economics consulting firm where she specialized in power supply contracting, natural gas hedging, and energy market design for a large range of clients in ERCOT, PJM, MISO, and SPP..*

## **Hard Reboot on CAISO Policy Catalog and Roadmap Process**

When all else fails, power off and re-boot. That’s what the CAISO has done with its Annual Policy Catalog and Roadmap process. Each year the CAISO and stakeholders go through a dog and pony show of submitting issues into the policy catalog with the hopes that one day they’ll make an appearance on the CAISO’s 3 to 5 year Policy Roadmap. The Roadmap is intended to layout which issues will be taken up in a policy process and ultimately impact the market design. Typically, policies that then end up on the Roadmap are those that the CAISO has previously identified, committed to doing, or are mandated. Rarely do we see discretionary items make their way into the plan. After years of accumulating issues in the catalog that rarely made their way to a policy process due to the significant amount of CAISO commitments (e.g., DAME, EDAM, 4 phases of Energy Storage and Distributed Energy Resource, etc) and prioritized issues following extreme system conditions (Transmission Service and Scheduling Priorities, Summer Readiness Efforts, etc), it started to resemble more of an encyclopedia of past and present issues, and a somewhat daunting task to maintain in a useful manner.

Thus, the CAISO has opted to reboot the Annual Policy Catalog and Roadmap process with the hopes of reviving its intended purpose. We are talking about

wiping the slate clean. All prior issues in the policy catalog were essentially erased and stakeholders asked to resubmit any issue they would like to have considered as a discretionary item (essentially an item that will only make its way to the roadmap if it’s not already full with non-discretionary issues CAISO has committed to taking on). This even includes submitting all issues that are currently being discussed in the active working group efforts – Resource Adequacy Modeling and Program Design, Price Formation Enhancements, Greenhouse Gas Coordination, and Gas Resource Management. Despite the likely more efficient way of the CAISO first listing out all the issues and seeking input on what items are missing, or that others would like to be included, the CAISO received over 30 sets of comments totaling more than 90 issues for consideration – some of which are likely duplicates or overlap in some manner. I’m not sure how much leaner the catalog will actually be . . . Additionally, submissions now must include additional information – proposed scope, market design elements to be addressed, business justification and how it aligns with strategic objectives and goals, timing, and urgency.

The next natural question is “How will the CAISO comb through all the submissions and decide which to include on the next Policy Roadmap?”. The new process now only involves one submission window (February) after which

there will be a few opportunities to voice prioritization and urgency of the issues. (We would be remiss in not mentioning urgent items can still be brought to the CAISO outside the roadmap process.) In March of each year, the Regional Issues Forum will host a roundtable discussion to provide feedback as to which issues they feel are of top priority. That will be followed by a stakeholder prioritization workshop in April. Ultimately the issues in the catalog that make their way onto the Policy Roadmap (draft slated to be published in September with the final Roadmap published in December) are likely to be those that are of high priority to both the RIF and Stakeholders and align with the CAISO's overall strategic plan – that is if the Roadmap has the bandwidth to take on additional items. Given the CAISO's current implementation schedule and efforts already committed to taking on, we don't see many (if any!) discretionary items making their way on the roadmap until post EDAM/DAME implementation. But we would happily be proven wrong!

Along similar lines, the CAISO is making other – more subtle changes – to how the stakeholder processes are being run. Recently they implemented the concept of Working Groups. The Working Groups are intended to first clearly articulate problem statements and gain consensus on the issues needing to be addressed, prior to any talk about solutions. Ideally this will allow the policy effort to ensure that whatever the solutions are, they will be made efficiently and effectively to meet the issue(s) identified in the working group phase. This change has not come without growing pains and may have been somewhat less productive than one initially hoped.

The latest change introduced is the concept of sponsors, or co-sponsors, of problem statements. The CAISO now seems to have tried to adopt a feature that is prominent in other stakeholder structures by means of having stakeholders take ownership of the problem statements. To say they have struggled a bit to identify sponsors is somewhat of

an understatement and is likely because, unlike other stakeholder structures with similar features, the CAISO stakeholder process lacks a voting structure. So why would a stakeholder jump on the opportunity?! I am not sure when extra effort and time for no return was considered an effective incentive. Furthermore, since the CAISO does not have a voting structure in place, most companies are not set up with the resources to be a full-time CAISO stakeholder. That's not to say this could one day be an effective way to run the stakeholder process, but it will need to be accompanied by other structural changes to the stakeholder process as well. In the meantime, WPTF will take on some sponsorship roles for the well-being of the overall market. . .

# CALIFORNIA LEGISLATIVE COMMITTEE

*Jesus Arredondo*

*WPTF Legislative Committee consultant is Jesus Arredondo.*

*Jesus is the principal and founder of Advantage Government Consulting LLC and has over 19 years of experience in media and government relations, including concentrated experience in energy policy. Prior to launching Advantage Consulting, Jesus worked as a senior advisor for two major public relations firms in the United States and Mexico. Jesus also served as a policy advisor to a major California transmission project, principal advisor on an education effort in California concerning natural gas and on a national education campaign concerning the FERC's push for standard market design. Before launching Advantage Consulting, Jesus was a bilingual spokesman for two California governors and served five years as director of regulatory and government affairs for a fortune 250 independent power producer and two years at the California Power Exchange, where he served as director of corporate communications.*

## **How Politics is Distracting Energy Policy**

Gov. Gavin Newsom continued the most “un-stealth” campaign for the White House. First, he took on a nationally broadcast political debate with Florida Gov. Ron DeSantis, and then ran ads in Red states with strong Republican governors through his Campaign for Democracy PAC, which spent over \$10 million on those ads. In the history of California, we have never had a sitting governor do this.

In addition, Newsom has made the rounds of major political and late night shows 3 times now – as a Biden “super surrogate” – but really to get name recognition nationally.

He went to China at the end of last year to talk about climate change and managed to meet with President Xi Jinping – upstaging President Joe Biden in the process. On his way to China, Newsom’s hastily arranged first stop was in Israel, where he spent a day commiserating about the bloody assault by Hamas terrorists. His visit included a chat with Prime Minister Benjamin Netanyahu, and conversation with victims’ families about living with the constant threat of violence.

Newsom’s present “distractions” resulted in a major announcement from Rescue California just ahead of the March 5 primary election. A new effort to “recall Governor Newsom” has been launched. While it will be hard to qualify this for the November 2024 ballot, it’s not completely out of the question. Considering the budget mess, the homelessness

crisis, rampant retail theft, crime, high gasoline prices – there is plenty for the average voter to hate. There is a high probability that the 1.3 million signatures necessary for the recall to qualify can be secured – and if not for November 2024 – this could be a special recall election if the signatures are gathered and validated.

Can Newsom beat a second recall? Probably. Will it add drama to the legislative year? Most certainly.

Regarding the new budget problems, remember that \$100 billion budget surplus from two years ago? Well, this month the Legislative Analyst’s Office said California has a \$73 billion shortfall. So, Newsom and the new Legislative leadership must get to work. Newsom’s office had anticipated the bad news and issued a statement that the deficit was more like \$31 billion.

In January, Newsom proposed a \$290 billion budget that now needs to be “adjusted.” In May he will present the new budget to the Legislature that will add their two cents by mid-June. By July, the new budget (compromise) must be in place Constitutionally or Legislators don’t get paid. Since this requirement was put in place 12 years ago – California’s budgets have been on time – nothing like a little motivation.

In the meantime, the Legislature has proposed 2,124 new bills in addition to over 800 measures carried over from last year as 2-year bills. Yes, many of these bills require new spending. How, you ask, given

the budget shortfall? Well, this is California – logic does not live here.

How many of these bills should WPTF members care about? So far, we have identified 100. Most will not make it, but it's important to know what is going on. So, we will track them closely for members of the Legislative Committee. Note: Members of the Committee receive a weekly update report which includes a list of all the bills we are tracking.

Regarding our tracking of these bills, while there will be informational hearings, the real work will begin after the budget is settled. There will be a number of bills to worry about if you care about transmission, rooftop solar (the repeal of NEM 3.0), and cap & trade (extend beyond 2030?), offshore wind, and the CEC's new forecast models – to name a few.

Also, what will happen with the reporting bills from last year (SB 253 and SB 261)? While the SEC issued a proposal specific to Scope 3 – California will have its own ideas.

Do you care about LCFS? New ideas are percolating in the legislature on this too.

If your company owns or is developing large scale solar projects, some good news can be found in Assembly Bill 3118 – *“Existing law establishes the state flag and the state’s emblems, including, among other things, the golden poppy as the official state flower, the California redwood as the official state tree, and the*

*California gray whale as the official state marine mammal. This bill would establish solar energy as the official state energy.”*

### **Looking Ahead to the November Election**

In the 173 years since California became a state, 43 men and four women have occupied its two U.S. Senate seats.

Following this month's primary, for the first time in 32 years, California will not have a woman representing the state in the U.S. Senate. When Dianne Feinstein was elected to the Senate in 1992, she was joined by Barbara Boxer that same year. It was a pair of firsts for California - the first time a woman represented the state in the Senate, and the first state with two women senators.

Concluding California's most competitive Senate primary in perhaps a generation, Congressman Adam Schiff of Burbank and retired Dodgers baseball player Steve Garvey will square off in November to represent the Golden State in Washington. Schiff and Garvey were the two top finishers in a crowded field of 27 candidates in the Primary, each garnering about a third of the votes.

With the Democrats enjoying a massive advantage in voter registration over Republicans, Schiff should be able to easily coast to a win in November. If this plays out, Schiff will join Padilla in the Senate, and it means a return to California having two male senators after more than three decades with at least one female senator.

So far, no one has taken Newsom to task for this outcome.

### **More Women in the Legislature Come November?**

While California will lose its representation of women in the U.S. Senate, the number of women elected to the California Legislature may grow.

The number of women in the state Senate and Assembly is already a record - 50 women held 120 seats after the 2022 election. Based on the primary results so far, it's expected to increase to at least 55 women after the November election, according to a report by Close the Gap California, an advocacy group that seeks to elect women to office.

The report also said that the election outcome would bring representation in the Legislature closer to matching California's overall population: Women now make up 50% of the state, but only 42% of the Legislature. At 55 lawmakers, that proportion would increase to 46%.

The report also added that of 19 districts that are either guaranteed or likely to elect women, 13 feature at least one woman of color advancing to the general election.