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Western States Committee Voting Considerations
DRAFT
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Weighted voting for the Western States Committee (WSC) seems to be a deal requirement for California, yet could very likely be a deal breaker for other Western states.

In an earlier iteration of the CAISO's Regional System Operator (RSO) governance proposal, CAISO explicitly required weighted voting based on load for the Western States Committee (WSC) – i.e., the state advisory body charged with advising the future independent RSO board. Specifically, CAISO proposed the voting model used by the Western Interconnection Regional Advisory Body (WIRAB). In this voting model, no WIRAB measure passes unless it first receives approval from a majority of the states *plus* a majority of the load. While the WIRAB voting model may work well for those states and provinces in the WIRAB footprint, it does not necessarily work well for a smaller RSO footprint. As currently conceived, this footprint would include the CAISO participating states of California and Nevada, as well as the PacifiCorp states of Oregon, Washington, Idaho, Wyoming and Utah.

Ron Binz performed an earlier analysis of the WIRAB voting model for the WSC and concluded that using the WIRAB voting model would provide California with veto power, even under a vastly expanded RSO footprint. For instance, with only PacifiCorp joining CAISO, California's share of the RSO load is about 76%. If NV Energy and Arizona Public Service were to also join the RSO, California's share of the load drops to 61% (still a clear majority). Even by adding Portland General Electric, Puget Sound Energy and Idaho Power to the RSO, California's share of the load would still represent a majority, at 52%.

CAISO listened to the many stakeholder concerns raised with the WIRAB voting model and, in its latest governance proposal, removes the WIRAB-specific voting requirement for the WSC, but still requires some type of "weighted voting based on load" for the WSC. Due to the sensitivity that remains on the weighted voting requirement, it may be instructive to examine weighted voting alternatives for the WSC that could appease the interest of California and other Western states.

When looking at other organized power markets in the United States, there does not exist an example of a state advisory body that requires weighted voting. For example, MISO's Organization of MISO States (OMS), Southwest Power Pool's Regional State Committee (RSC) and PJM's Organization of PJM States (OPSI) each permit one vote per state, with different voting approval requirements depending on the *type* of decision being made. Using a more localized example, the EIM's Body of State Regulators also uses a voting model based on one vote per state. For the state advisory bodies in other parts of the country, a clear voting pattern emerges: (1) the election of officers requires a plurality vote, (2) changes in the bylaws requires a 2/3 majority vote, and (3) all other matters are determined by a simple majority vote.

Focusing on the *types* of decisions being made by the WSC seems a logical starting point when considering voting requirements. Based on CAISO's latest governance proposal, we know that the WSC will have primary authority in the following areas: (1) Sec. 205 filing rights (transmission cost allocation and resource adequacy), and (2) certain RSO policy initiatives on specific topics. The states seem supportive of these areas of authority for the WSC. We also know that the WSC will need to be able to

make necessary day-to-day decisions without being hamstrung by an overly complicated voting structure.

As a starting point, a simple voting model should be used for the WSC whenever possible. However, to acknowledge California's desire for weighted voting, the voting model could be adapted depending on the *type* of decision being made. Below follows an overly simplified example.

As an overarching principle, each participating RSO state on the WSC should have one vote and the WSC should always try to reach decisions through consensus. Where consensus voting is not possible, the following guidelines could be used.

- Every Day Decision-Making. For day-to-day decisions of the WSC (not falling into any of the below categories), a simple majority vote is required.
- Changes to the WSC Bylaws. For changes to WSC bylaws, a 2/3 majority vote is required.
- Officer Elections. Officer elections for the WSC require a plurality vote.
- Primary Authority Decisions. There are two types of decision-making that are particularly important for the WSC: (1) decisions related to Section 205 filings of the WSC, and (2) decisions related to providing advice to the RSO Board on RSO policy initiatives. In these two instances, a modified weighted voting model could be used:
 - A weighted voting system could begin with the premise that any state in the RSO footprint with 50% or more of the load in that footprint receives two votes, while every other state receives one vote each.
 - Assuming that PacifiCorp is the utility to join the CAISO first and form the RSO, seven states will initially be involved in the expanded RSO footprint: (1) California, (2) Nevada, (3) Oregon, (4) Washington, (5) Idaho, (6) Wyoming, and (7) Utah. Using this voting model, California would have two votes, while the remaining six states would have one vote each. This would result in a total of eight votes for the WSC.
 - If we were then to require a simple majority vote to approve these types of decisions, we would need five total votes from members of the WSC for approval. With California having two votes, this gives California's vote more "weight" than the other states, *without* also giving California veto power over the WSC.
 - As an example, assume that California opposes a particular Section 205 filing and votes "no." If five of the remaining six states on the WSC instead voted "yes" (even with California voting "no"), the measure would still pass. While this would arguably still be a heavy lift, it does not give California veto power over the WSC, which is important. If we used a WIRAB voting example instead, no Section 205 filing could be approved without first receiving California's blessing, since the WIRAB voting model requires both a majority of the states *and* a majority of the load.

Ideally, specific voting rules and requirements for the WSC will not be included in California legislation, as this level of detail should not be necessary to develop the final legislation that enables CAISO to transition into an RSO. Instead, these types of details can be left to the work of the proposed Transitional Committee of Stakeholders. However, if requiring some type of weighted voting for the WSC upfront continues to be a requirement in California, the above example shows that there can be plenty of flexibility with weighted voting models. Ultimately, a weighted voting model can be used for certain types of decisions of the WSC that not only gives California a more heavily weighted vote to recognize its load dominance in the expanded RSO footprint, but that also does not give California veto power over the WSC – thereby respecting the positions of the RSO's other participating states.