

DOCKETED

Docket Number:	16-RGO-01
Project Title:	Regional Grid Operator and Governance
TN #:	214219
Document Title:	Western Resource Advocates Voting Considerations for the Western States Committee
Description:	Revised Draft
Filer:	System
Organization:	Western Resource Advocates
Submitter Role:	Public
Submission Date:	10/27/2016 6:47:25 PM
Docketed Date:	10/28/2016

Comment Received From: Jennifer Gardner

Submitted On: 10/27/2016

Docket Number: 16-RGO-01

WRA's Voting Considerations for the Western States Committee

Additional submitted attachment is included below.

Western States Committee Voting Considerations
REVISED DRAFT
Jennifer Gardner, Western Resource Advocates
October 27, 2016

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 the latest iteration of the CAISO's Regional System Operator (RSO) governance proposal¹, CAISO requires a very specific weighted voting model based on load for the Western States Committee (WSC) – (the state advisory body charged with providing input to the future independent RSO board). For issues within the primary authority of the WSC, CAISO's proposed voting model requires affirmative votes from 75% of the states *plus* 75% of the load in the expanded RSO footprint. As currently conceived, this footprint would include the CAISO participating states of California and Nevada², as well as the PacifiCorp states of Oregon, Washington, Idaho, Wyoming and Utah. Using Net Energy for Load (NEL) data from the North American Electric Reliability Corporation and the U.S. Energy Information Administration, load percentages are provided in the below table for this expanded RSO footprint.³

California	81%
Utah	8.4%
Oregon	4.6%
Wyoming	3.3%
Washington	1.4%
Idaho	1.2%
Nevada	<1%
TOTAL	100%

Using these load percentages as inputs to CAISO's proposed voting model, California will hold veto power over the WSC in the sense that nothing will "pass" unless it receives approval from California. Even if every other state on the WSC voted "yes," if California votes "no," the decision will not hold given California's very clear load dominance. However, other states on the WSC wield power in the sense that California cannot pass anything on behalf of the WSC on its own. If California votes "yes," it would still need five other states to also vote "yes" in order for the decision to hold.⁴ In this sense, CAISO's proposed voting model does encourage consensus among members of the WSC. Unfortunately, it may also lead to deadlock.

¹ CAISO has posted two updated governance documents: (1) [Regional Principles for Governance of a Regional ISO](#); and (2) [Potential Topics within the Primary Authority of the Western States Committee](#). Stakeholder comments are due to CAISO and the California Energy Commission by October 31, 2016.

² Valley Electric in Nevada is a current CAISO market participant.

³ Note that CAISO has not yet clarified how it plans to define "load" for purposes of weighted voting by load for the WSC. "Net Energy for Load," or NEL, is used for illustrative purposes in this paper. Additional data regarding this NEL data and the load percentages is provided in the appendix.

⁴ This is because the proposed voting model requires 75% of the load *plus* 75% of the states. This threshold necessarily requires six of the seven states voting "yes" (with one of the "yes" states being California).

Due to the sensitivity that remains with regard to the weighted voting requirement, it may be instructive to examine weighted voting alternatives for the WSC that could appease the interests of California and other Western states.

When looking at other organized power markets in the United States, it is difficult to find another example of 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, applying 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. In fact, the only example of weighted voting based on load for a similar state advisory body is found in ISO-New England, where the New England States Committee on Electricity (NESCOE) requires voting based on consensus and reverts to weighted voting based on load if (and only if) consensus cannot be reached.⁵ For the state advisory bodies in other parts of the country (outside of ISO-NE and NESCOE), a clear voting pattern emerges: (1) the election of officers requires a plurality vote, (2) changes in the bylaws requires a 2/3 supermajority 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 (i.e., Section 205 filing rights) in the following areas: (1) approving the Planning Reserve Margin target used for establishing system-wide resource adequacy; and (2) determining transmission cost allocation for policy-driven transmission projects in the expanded footprint. The states generally seem supportive of these areas of authority for the WSC, but are likely to seek expanded authority with regard to resource adequacy.⁶ 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 three types of decisions that are particularly important for the WSC: (1) approving the Planning Reserve Margin target used for establishing system-wide resource adequacy; (2) determining transmission cost allocation for policy-driven transmission projects in the expanded footprint; and (3) approving the slate of candidates for

⁵ For more information on NESCOE's voting rules, see: [2015 Annual Report to New England Governors](#).

⁶ Commissioner Mike Florio with the California PUC has most recently noted concerns regarding authority for the WSC being too narrowly construed by CAISO's latest governance proposal. See: [More Work Needed on Western RTO Proposal, Stakeholders Say](#); and [recording](#) from the October 17 CEC Governance Workshop.

the new RSO Board of Directors.⁷ In these three 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.⁸
- 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 CAISO's weighted voting example instead, no Section 205 filing could be approved by the WSC without first receiving California's blessing, since that voting model requires 75% of the states *plus* 75% 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 (or to the internal negotiations of the WSC). However, if requiring some type of weighted voting for the WSC upfront continues to be a requirement in California, the above example shows that weighted voting models offer flexibility for the WSC. 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.

⁷ Note that CAISO's latest governance proposal suggests this model of weighted voting based on load (i.e., 75% of the states *plus* 75% of the load) for each of these three different types of decisions.

⁸ While this voting model is provided for illustrative purposes only, a final voting model should avoid an even number of total votes for the WSC, as this increases the risk of deadlock.

**APPENDIX:
Net Energy for Load Data & WSC Voting Percentages for RSO Footprint**

	California	Idaho	Oregon	Utah	Washington	Wyoming	Nevada
CAISO⁹	230,822,149 MWh						
PacifiCorp	738,802 MWh	3,443,398 MWh	13,070,835 MWh	24,158,338 MWh	4,108,270 MWh	9,329,941 MWh	
Valley Electric							489,158 MWh
Total Load	231,560,951 MWh	3,443,398 MWh	13,070,835 MWh	24,158,338 MWh	4,108,270 MWh	9,329,941 MWh	489,158 MWh
Percentage	81%	1.2%	4.6%	8.4%	1.4%	3.3%	<1%

Total PacifiCorp load = 54,849,584 MWh

Total CAISO load = 230,822,149 MWh

Total RSO Footprint load = 285,671,733 MWh

⁹ For purposes of this table, CAISO's NEL data is provided on a cumulative basis and represents the NEL data for San Diego Gas & Electric, Southern California Edison, and Pacific Gas & Electric. For purposes of establishing load percentages by state for the WSC, Valley Electric's NEL data was removed from CAISO's (i.e., California's) total and instead attributed to Nevada. Additionally, PacifiCorp's NEL data in California was added to California's total load.