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**RE: State regulators' call for viable path to electricity market inclusive of all western states, with independent governance**

Dear Chair Decker, Cabinet Secretary Propst, Commissioner McAllister, and Executive Director Rennick,

The undersigned group of state public utility commissioners and other officials write you this letter in your capacity as leadership for the Committee on Regional Electric Power Cooperation and the Western Interstate Energy Board in order to inform you and elevate our call, and proposal, for ensuring that the benefits of wholesale electricity markets are maximized for customers across the entire Western U.S. This group proposes the creation of an entity that could serve as a means for delivering a market that includes all states in the Western Interconnection, including California, with independent governance.

We have identified a common commitment in seeking the benefits shown in multiple studies that demonstrate the most favorable electricity market for consumers is one that includes a West-wide market footprint. Such a market would avoid the issue of "seams" from separate markets across major portions in the West, and result in optimized use of resources to meet loads across the entire interconnection.

In announcing our commitment, the group is inviting all Western states and associated stakeholders to join the effort and help shape the approach.

We believe that the vision of a West-wide market, inclusive of California, is possible based on a concept put forth by members of the California Public Utilities Commission and California Energy Commission. Under that concept, a separate non-profit entity governed by representation from across the West would be formed. That entity could provide a full range of regional transmission operator services, utilizing a contract for services with the California Independent System Operator (CAISO), including eventual assumption of the Extended Day Ahead Market (EDAM) and the Energy Imbalance Market (EIM).

The independent entity could also act as a vessel for delivering a West-wide fully organized market with governance shared across all states. Under this vision, the benefits of EIM and EDAM would be maintained and expanded upon, avoiding a duplication of the investments and expenses of the market infrastructure that has already been created, and avoiding a deterioration of the benefits of those programs, which, in the case of EIM alone, has proven a value of nearly \$4 billion since 2014.

While the joint governance approach that has been developed for the CAISO's Extended Day Ahead Market (EDAM) has won significant support as an interim solution, it falls short of full regional co-ownership that is required for deeper coordination. Our proposal to form a separate, independently governed entity is intended to shake loose from those concerns. Once formed and structured, the independent entity created under the regulators' proposal could become a market platform for all states, including California, to join.

The proposal recognizes that western coordination, including the opportunity for a unified Western market and a full range of western integration services, provides the greatest benefits for consumers.

This group plans to work, along with all other states and stakeholders willing to participate in this effort, through an initial phase of the project this year. In that initial phase, an effort catalyzed by state involvement would decide key elements of how the independent entity would be formed and structured. The project would enter an implementation phase early in 2024, with the formation of the independent entity, the seating of an initial founding board of directors, exploration of the relationship with CAISO for future services, and the expectation of a small independent staff being put in place.

We are committed to the vision of maximizing the benefits of organized wholesale electricity markets for customers in the West. We see a real opportunity to maintain and build upon the proven benefits of EIM, and the promised benefits of EDAM, and to move the entire West, including California, to a unified market that delivers the well-documented benefits that would come from doing so. We look forward to joining with our counterparts and industry partners

and stakeholders from other states to move this concept forward, and to realize a viable alternative to having a fractured western market.

Sincerely,

/s/ David Danner

David Danner, Chair  
Washington Utilities and Transportation  
Commission

/s/ Alice Reynolds

Alice Reynolds, President  
California Public Utilities Commission

/s/ Ann Rendahl

Ann Rendahl, Commissioner  
Washington Utilities and Transportation  
Commission

/s/ Siva Gunda

Siva Gunda, Vice Chair  
California Energy Commission

/s/ Milt Doumit

Milt Doumit, Commissioner  
Washington Utilities and Transportation  
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/s/ Kevin Thompson

Kevin Thompson, Commissioner  
Arizona Corporation Commission

/s/ Letha Tawney

Letha Tawney, Commissioner  
Oregon Public Utility Commission

/s/ Pat O'Connell

Pat O'Connell, Chair  
New Mexico Public Regulation Commission

/s/ Mark Thompson

Mark Thompson, Commissioner  
Oregon Public Utility Commission