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IEP Comments on the IEPR Commissioner Workshop on the Pathways Initiative

Additional submitted attachment is included below.



Independent Energy Producers Association

California Energy Commission
Docket 24-IEPR-01
715 P Street
Sacramento, CA 95814

February 7, 2025

RE: IEPR Commissioner Workshop on Regional Electricity Markets and Coordination

Dear Chair Hochschild:

The Independent Energy Producers Association (IEP) writes in support of Pathways Initiative Step 2 integration as presented in the IEPR Commissioner Workshop on Regional Electricity Markets and Coordination (“workshop”). IEP represents competitive renewable and natural gas generators, battery energy storage, long duration storage, and independent transmission developers active in the California Interconnection System Operator (CAISO) and throughout the Western market. Non-discriminatory access to, and operation of, the Western grid and related markets is essential to meeting the reliability and affordability needs of electric consumers in the West.

IEP was a part of the Pathways Launch committee that developed Step 1, which advanced independent governance of the Western Energy Imbalance Market (WEIM) as having Primary Authority to approve or reject proposed tariff rules related to the WEIM or Extended Day Ahead Market (EDAM) within the existing CAISO framework. This has enhanced the role of the independent WEIM/EDAM Board in a manner consistent with existing law and the CAISO tariff. The passing of Step 1 is a measure of enhanced market rule independence.

The Western Grid is an interdependent efficient energy market where electric resources are exchanged between balancing authorities. The issue of market efficiency has important impacts on reliability and affordability. The WEIM, a real-time market, has been successful in providing \$6.62 billion (as of January 30, 2025) in electricity cost benefits for its participants. As stated in the Brattle Group study by Mr. Tsoukalis during the workshop, it is anticipated that across all balancing authorities (BA) in the West, EDAM would bring about cost benefits upwards of \$471 million per year and at minimum \$171 million per year, leading to savings for electric consumers. Together, with the WEIM and the EDAM markets, the Western Grid is poised to provide savings to all participating BAs across the West.

Cost benefits are only the tip of the iceberg in assessing the full impact of implementing Step 2 in the Pathways Initiative to reach a new, independent Regional Organization (RO) that would oversee voluntary wholesale markets across the West. The voluntary aspect lends itself to more diverse resources across a large geographic region because no singular BA policy would impact policies of other BAs in the market. The collection of participating BAs will allow more efficient resources to be shared across the grid, filling in the gaps where load is high and affordability critical. For example, when the wind isn't blowing in one BA but the hydropower is strong in another, the market created by the Pathways Initiative allows the trading of such resources as the needs of the BAs change. As more resources are connected across a larger territory, each BA's grid becomes less congested, avoiding curtailment and increasing revenues. When climate-change fueled irregular weather conditions present differently across the varied geographical western region, the Pathways Initiative market will keep the lights on and costs down.

IEP fully supports Step 2 of the Pathways Initiative and is appreciative of the CEC Commissioners and their staff in their desire to understand fully this proposal by hosting this workshop. IEP looks forward to continued participation in this worthwhile effort as a stakeholder and in collaboration with CEC staff. We are confident that electricity consumers throughout the West will benefit from these efforts.

Signed,

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