

July 15, 2022

## **Comments from the Clean Energy Buyers Alliance on SPP's Second Straw Proposal for Markets+ Governance**

### **Introduction**

The Clean Energy Buyers Association (CEBA) is a national association of large-scale energy buyers seeking to procure clean energy across the U.S. With over 300 members from across the commercial and industrial sectors, non-profit organizations, as well as energy providers and service providers, CEBA's members are actively working to create a resilient, zero-carbon energy system. In 2021 alone, our members contracted over 11 GW in renewable energy projects and national CEBA member purchases now total 52 GW.<sup>1</sup> CEBA members have driven over 5 GW of clean energy purchases on the Western grid and are often within the top ten largest customers for their utilities.<sup>2</sup>

CEBA supports increased regional coordination in the West, specifically market development efforts structured to support a future West-wide organized wholesale market managed by a Regional Transmission Organization (RTO) or Independent System Operator (ISO). Consolidating utility operations under one market operator that manages transmission and coordinates generation planning could save Western electricity customers more than \$2 billion dollar per year while increasing reliability and supporting renewable energy development across the region.<sup>3</sup> A west-wide RTO would also provide significant efficiency improvements, generation competition, and robust facilitation of power purchase agreements. While CEBA members utilize a variety of purchasing mechanisms to advance clean energy goals, over 80 percent of new wind and solar contracted by corporate buyers from 2008 to present has occurred in organized wholesale markets.

CEBA and its members are actively working with regulators, grid operators, and other stakeholders in the West on market design and governance issues. Southwest Power Pool (SPP)'s Markets+ offering could be an important step towards the goal of establishing a West-wide Regional RTO/ISO that is both well-designed and well-implemented. However, SPP should align its proposal to align with governance principles outlined here and take an intentional, proactive approach to broad stakeholder participation. In these comments we present our priorities for Markets+ governance and outline our requested changes to the June 23<sup>rd</sup> Straw Proposal.<sup>4</sup>

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<sup>1</sup> *CEBA State of the Market*, Clean Energy Buyers Alliance.

<sup>2</sup> *Western Market Expansion, Bringing the Full Value of RTOs to the West*, Clean Energy Buyers Alliance, December 2021.

<sup>3</sup> *The State-Led Market Study: Exploring Western Organized Market Configurations: A Western States' Study of Coordinated Market Options to Advance State Energy Policies*, Energy Strategies, Project Contractor July 30, 2021.

<https://static1.squarespace.com/static/59b97b188fd4d2645224448b/t/6148a012aa210300cbc4b863/1632149526416/Final+Roadmap+-+Technical+Report+210730.pdf>

<sup>4</sup> *Markets+ Draft Governance Straw Proposal Version 2.0*, SPP Staff, Published June 23, 2022. (Hereinafter Redline Straw Proposal)

## **Organized Wholesale Markets Principles and Governance Priorities**

CEBA and its members support the development of a well-designed and well-implemented RTO/ISO for the West that aligns with our Organized Wholesale Market Principles.<sup>5</sup> These principles present a vision for how markets can be organized and governed to provide maximum benefit to customers by unlocking wholesale market competition to catalyze clean energy deployment, safeguard market integrity, and utilize design that can scale to the future.

Organized wholesale markets safeguard market integrity when rules, operation, and governance are conducted clearly, consistently, and fairly. When considering proposed governance models for new wholesale market offerings in the West, CEBA's priorities are:

- 1. Independent and responsive grid governance, management, and operation.**  
Governance structures should ensure that grid operators are independent and incentivized to achieve reliable, cost-effective delivery of energy services without favoring or discriminating against particular resources or stakeholders.
- 2. Transparency.**  
Transparency across pricing, decision-making and governance improves benefits for all.
- 3. Broad stakeholder engagement and representation.**  
Careful attention should be paid to ensure that governance provides all participants, including customers, with robust pathways to meaningfully participate in decision-making and the stakeholder process.

### **Independent and Responsive Grid Governance, Management, and Operation**

In previous comments on Markets+ governance,<sup>6</sup> CEBA supported the establishment of a Markets+ Independent Panel (MIP) because of the value a committee nominated by sector provides Markets+ in terms of independence. Additionally, CEBA requests that large energy customers be explicitly included in the MIP Nominating Committee sectors so that large energy customers can play a role in shaping this independent panel. CEBA recommends that the nominating committee provide broader representation by including not only representatives of Markets+ Market Participants and Markets+ Market Stakeholders but also Markets+ Non-voting Stakeholders.

This request aligns with recent Governance Principles<sup>7</sup> developed by AZ, CA, CO, ID, MT, NV, NM, OR, WA, and WY. These principles state that in any future multistate electric organization or regionalization effort, "[t]he independent board should be selected by a nominating committee that includes a robust representation of stakeholders, including stakeholders who are not

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<https://spp.org/documents/67355/06242022%20governance%20revised%20straw%20proposal%20redline%20final.pdf>

<sup>5</sup> Renewable Energy Buyer Organized Wholesale Market Design Principles, Clean Energy Buyers Alliance <https://cebbuyers.org/programs/market-policy-innovations/organized-markets/>.

<sup>6</sup> <https://www.spp.org/documents/67018/governance%20comments%20by%20respondent.pdf>.

<sup>7</sup> <https://www.westernenergyboard.org/wp-content/uploads/Multistate-Governance-Principles-4-25-22.pdf> (hereinafter Governance Principles).

represented on member committees, and a formal, meaningful role for the states.”<sup>8</sup> The relationship between the MIP and SPP’s Independent Board is such that this principle should extend to the MIP.

In the second straw proposal, large energy customers and/or industrial customers do not have explicit sector representation on the MIP Nominating Committee.<sup>9</sup> The Public Interest Organization (PIO) sector could be a viable category, however, large energy customers represent a distinct interest that is different from PIOs given their investments. For example, large energy customers are uniquely interested in ensuring future markets allow for clean energy purchases and therefore have more detailed positions on market access. Additionally, the Trade Group sector does not provide meaningful representation for energy customers because trade groups represent such diverse policy interests. CEBA requests a standalone sector representing large energy customers and industrial customers. This addition would allow the MIP Nominating Committee sectors to match the sectors on SPP’s Corporate Governance Committee and align with the sector representation offered by the Western Power Pool’s (WPP) Western Resource Adequacy Program (WRAP).<sup>10</sup>

## **Transparency**

In previous comments, CEBA requested the Market Participant Executive Committee (MPEC), Markets+ Governing Board, and working groups primarily meet publicly. Additionally, CEBA requests that future stakeholder processes be designed to provide maximum transparency. Large energy customers and other stakeholders should be able to track market issues, raise new concerns, and understand the basis upon which decisions are made. Large energy customers should be afforded this level of transparency whether they are engaged as official voting members or non-voting stakeholders.

The straw proposal indicates that all stakeholders, voting and non-voting, will be given advanced notice of MIP and MPEC meetings (no less than 15 days) and advanced access to meeting agenda (no less than 7 days) unless confidentiality is required through an affirmative vote of the MIP.<sup>11</sup> CEBA aligns with PIOs in requesting that the criteria for closing meetings are standardized to provide clarity and limit over-use of closed meetings. CEBA requests the SPP adopt this language consistently across meetings: *“matters for consideration in closed or limited attendance session should be limited to personnel, litigation, and proprietary, confidential or security sensitive information.”* Overall, CEBA supports advanced notice, advanced posting of proposed agendas, options for virtual attendance, and post-meeting notes/recordings for these meetings.

Throughout SPP’s Market+ market design and governance development, virtual participation has been a useful tool to overcome public participation barriers such as travel, scheduling, and

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<sup>8</sup> Governance Principles, Page 4.

<sup>9</sup> Redline Straw Proposal, Page 7.

<sup>10</sup> Western Power Pool Press Release, April 7, 2022. [https://www.westernpowerpool.org/private-media/documents/NC\\_and\\_PRC\\_Press\\_release.pdf](https://www.westernpowerpool.org/private-media/documents/NC_and_PRC_Press_release.pdf).

<sup>11</sup> Redline Straw Proposal, Page 10, 12.

funding. CEBA requests future market development efforts and stakeholder processes remove limits on virtual meeting attendance and provide meeting recordings and/or notes. In most existing RTOs agendas, meeting materials, written comments, and voting records are posted publicly.<sup>12</sup> Future western markets should be leaders in providing stakeholder transparency and access.

Multistate governance principles mentioned earlier support these requests noting that best practices for active stakeholder engagement “include open meetings of the board, committees, and initiative undertakings (with certain exceptions such as legal or personnel issues documented in the meeting record), ample notice of agenda and provision of meeting materials to all participants, virtual and in-person attendance options (when the latter is possible), and timely publication of meeting minutes and meeting recordings.”<sup>13</sup>

### **Broad stakeholder engagement and representation**

Large energy customers need pathways to meaningful participation in market governance and options for engaging as both voting members and non-voting stakeholders. In past comments, CEBA requested that large energy customers be explicitly included in stakeholder definitions. Additionally, CEBA requests that SPP clarify that large energy customers with load greater than 1 MW are eligible to become voting members within Markets+. The current redline straw proposal defines a Markets+ Market Participant (MMP) as “an entity that has executed a Markets+ Market Participant Agreement as part of the Markets+ Tariff and contributes generation and/or load to the Markets+ market”<sup>14</sup> but it is unclear if contributing load is limited to Load Serving Entities (LSEs) or would also include large energy customer load.

Meaningful participation in market governance requires stakeholder decision making that is efficient and balances representation. CEBA supports the simplified voting structure for the MPEC, such as the proposal put forward by the Northwest & Intermountain Power Producers Coalition (NIPPC) which was discussed at the In-Person development session<sup>15</sup> and reflected in the Governance Design Team Webinar on June 24<sup>th</sup>.<sup>16</sup> CEBA agrees that voting based on load service or transmission ownership is not indicative of a market participant’s significance.<sup>17</sup> The structure proposed by NIPPC would establish an Investor-Owned Utility (IOU), Public Power and Independent sector that are equally weighted. The Independent sector would include power producers, marketers, transmission developers, and end-users. At this stage, inclusion in the Independent sector category is appropriate for large energy customers and supports a streamlined stakeholder process. SPP should anticipate evolution of both its markets and stakeholders participating in these processes and include a re-opener provision for the Independent sector. The sector itself should have the ability to initiate an “end-use” re-opener if it finds participant’s

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<sup>12</sup> Stephanie Lenhart, Dalton Fox, *Participatory democracy in dynamic contexts: A review of regional transmission organization governance in the United States*, Energy Research & Social Science, Volume 83, January 2022.

<sup>13</sup> Governance Principles, Page 4.

<sup>14</sup> Redline Straw Proposal, Page 7.

<sup>15</sup> <https://www.spp.org/documents/67128/in-person%20development%20session%20agenda%2020220601.pdf>.

<sup>16</sup> Governance Design Team Webinar: SPP’s Governance Revised Straw Proposal, June 24, 2022, Slide 21. <https://www.spp.org/documents/67351/06242022%20gdt%20webinar.pdf>.

<sup>17</sup> <https://www.spp.org/documents/67018/governance%20comments%20by%20respondent.pdf>, Page 14.

interests are diverging over time and end-users should be split into a fourth sector. CEBA requests that SPP provide more information on alternative voting methods with serious consideration of the NIPPC, including evaluation of how different methods can balance sector influence and build consensus.

Stakeholder representation covers much more than the ability to engage as a voting market participant. SPP should intentionally strive for robust and balanced stakeholder representation in future Markets+ working groups and within the current teams tasked with design issues such as transmission availability or price formation. For example, design teams comprised of stakeholders solely from the utility sector are unlikely to balance the interests of all stakeholders. CEBA requests membership fees be removed for non-market participants and that working groups, task forces and MIP selection voting be open to all stakeholders, (not limited to representatives of Markets+ Market Participants and Markets+ Market Stakeholders but also include Markets+ Non-voting Stakeholders). This request aligns Markets+ with the Governance Principles mentioned above, which state, “stakeholders ... who are not represented on member committees, are important constituencies for the long-term sustainability of the organization and should not be required to pay fees to participate.”<sup>18</sup> Throughout the design and evolution of Markets+, SPP should proactively monitor which parties are engaging, encourage more diverse stakeholder views, and remove barriers that may limit participation.

## **Conclusion**

CEBA makes several requests that will align SPP’s redline straw proposal with the governance priorities of large energy customers and other stakeholders. To support independence, SPP should expand representation within the MIP nominating committee to include large energy customers and include other non-voting members. To maintain transparency in Markets+ governance, SPP should provide all stakeholders with access to market issues and decision making through open meetings, advanced notice, and meeting recordings or minutes. To establish broad stakeholder engagement and representation in Markets+, SPP should clarify membership requirements to include large energy customers, adopt the streamlined unicameral voting structure put forth by NIPPC, remove membership fees for non-market participant stakeholders, and allow non-market participants to vote in working groups and task forces. Overall, SPP should continue to work closely with stakeholders on governance issues, anticipate evolution of this market offering and its stakeholders, and play a proactive role ensuring governance principles are upheld.

Respectfully Submitted,

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<sup>18</sup> Governance Principles, Page 4.

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