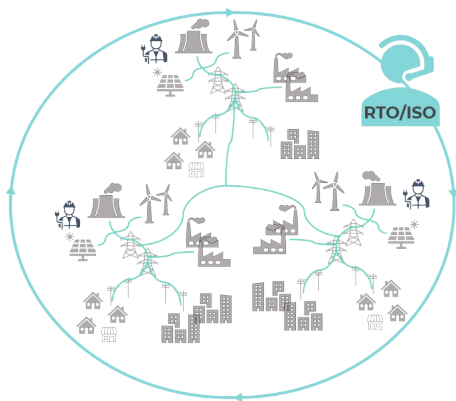
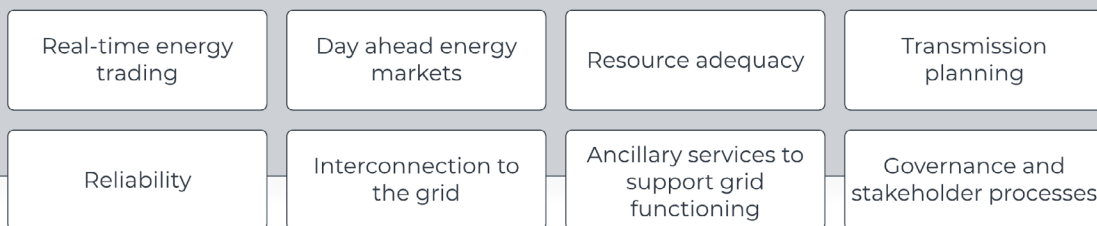


Organized Wholesale Markets Explainer

Organized wholesale markets are centrally managed markets that provide a platform for transparent and competitive wholesale electricity trading. The most advanced markets are operated by a **Regional Transmission Organization (RTO)** or **Independent System Operator (ISO)**.

Wholesale markets refer to the purchase and sale of electricity among generators and energy suppliers, along with services needed to maintain power reliability and quality.

Organized Wholesale Markets include



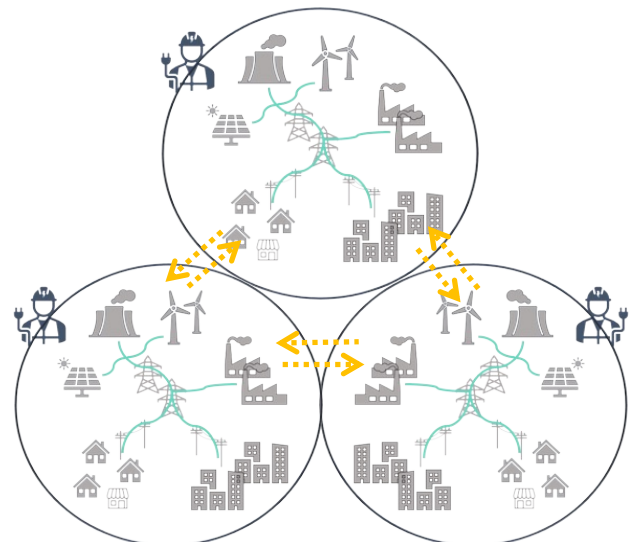
Regional Transmission Organization (RTO) and Independent System Operator (ISO)

- Independent entities overseen by the Federal Energy Regulatory Commission (FERC)
- Operate organized wholesale markets
- Coordinate power balancing across multiple utility service territories while dispatching least-cost generation first and ensuring reliability
- Manage transmission assets regionally
- Establish a governance structure to guide decision making and public input

Without an RTO/ISO

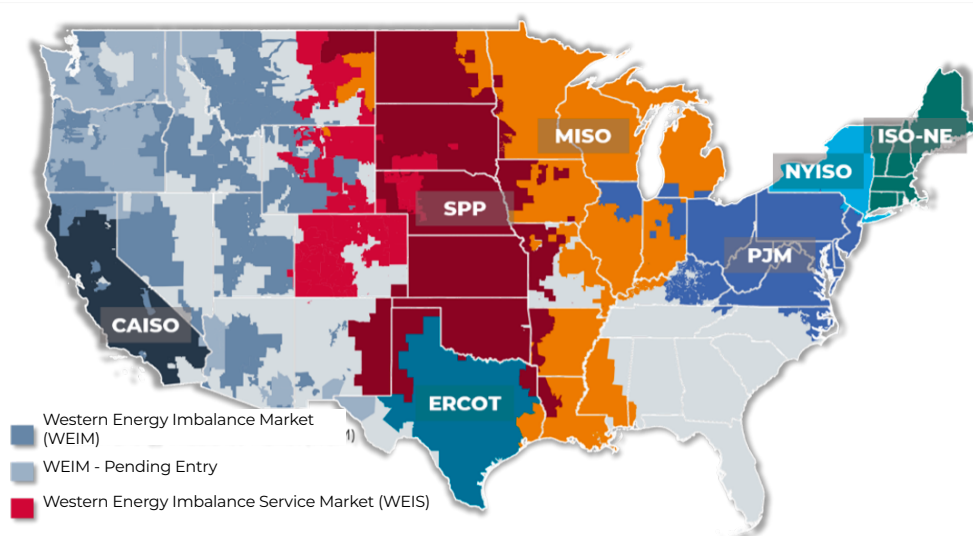
Utility planning is siloed, and coordination and resource sharing are voluntary. Utilities may opt into incremental market offerings like a day-ahead market, but customers won't experience the full range of benefits that are available under an RTO/ISO.

Utilities often act as the balancing authority of their service territory by ensuring electricity supply and demand always match.



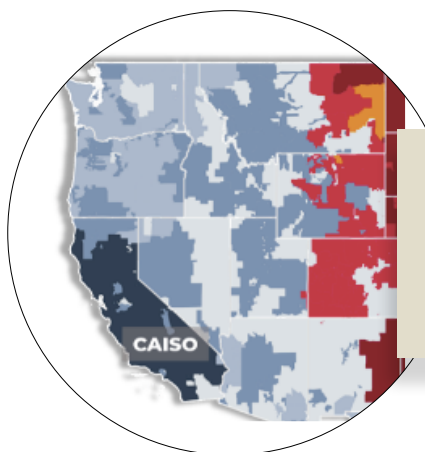
There are seven RTOs/ISOs covering two-thirds of the country, providing electricity to over 200 million consumers.

Incremental market structures are being developed in some non-RTO/ISO areas. For example, the Western Energy Imbalance Market (WEIM) currently provides one element of an organized market, real-time trading, and is expanding to offer day-ahead trading.



Expanding Organized Wholesale Markets

RTOs/ISOs do not currently exist in the Southeast and West, with the exception of the California Independent System Operator (CAISO). The utilities operate in traditional bilateral and non-transparent *wholesale markets* and therefore have limited regional engagement. Customers in the West and Southeast would benefit from a range of market reform options, including a full RTO/ISO. Recent studies conclude the regions are missing out on billions of annual savings by not participating in an RTO/ISO.



The West is comprised of 34 balancing authorities. Consolidating the region under one RTO/ISO could save **\$2 billion** in annual gross savings by 2030 and [reduce renewable energy curtailment by 33%](#) more than a day-ahead market.

By 2040, compared to business-as-usual, a [Southeast RTO/ISO](#) could save a cumulative **\$384 billion** in costs, reduce retail rates by 29%, and lower emissions by 37% from 2018 levels.

