Exploring Western Organized Market Configurations: A Western States’ Study of Coordinated Market Options to Advance State Energy Policies
Presentation Outline

• Historical context and current status of wholesale energy market developments in the West
• Summary of project and why it is being undertaken
• Example of issues being considered by states
• Project schedule and stakeholder engagement
Regionalization Efforts and Timing

• Active market proposals have evolved since the Utah Office of Energy Development filed the grant proposal
• Project evolved in recognition of today’s environment
• Outcomes should be universal and durable – the project should create value regardless of how market proposals evolve
No shortage of market benefits studies in the West. What makes this effort different?
Summary of the “State-Led Study”

- **Premise:** Decision-makers in Western States need a neutral and transparent forum to evaluate market options

- **Project goal:** Facilitate a neutral forum, and neutral analysis, for Western States to independently and jointly evaluate the options and impacts associated with new or more centralized wholesale energy markets and their footprints

- **Participating States:** 11 Western States

- **Key Players:** Lead Team or “the states”; Lead Team Support (*contractor and Utah Office of Energy Development*); Stakeholders (everyone else; hopefully utilities, NGOs, and others that can provide useful guidance)

- **Scope:**
  - Regular interstate **stakeholder engagement** that includes utilities, non-governmental organizations, State and Federal agencies
  - **Technical Modeling:** Estimate relative operational benefits associated with a subset of organized market configurations identified by participating states; studied under common framework
  - **Market & Regulatory Analysis:** Create “Market Factor Scorecard” for states to use in evaluating future market proposals: energy market offerings, ancillary services, seams issues, transmission planning, transmission cost allocation, public policy considerations, and stakeholder processes.
To demonstrate the complexities of this project: Examples of issues that states are or will be grappling with...

Assumed market footprints

Illustrative example

Footprints to calculate benefits...
- State
- Balancing area
- Utility
- WECC-wide

Market services to study...
- Imbalance/real-time
- Day-ahead
- Full service/RTO

Study timeframe...
- Near-term
- Long-term
- Effects of policy

Types of benefits to consider...
- Production benefits
- Capacity savings

New Transmission Build...
- Approved in IRP?
- Regional O1K Plans?
- Permitting status?

State policy considerations...
- Major legislation in WA, NM, CO, NV
- Aggressive track for CA

Consideration of costs...
- Market operator costs?
- Lost transmission revenue?

Policy issues to explore...
- Seams?
- Transmission planning and cost allocation?
Summary of Project Timeline

- Two year timeline (eight quarters), but project may take less time to complete
- Stakeholder Forum continues for project duration
- Key deliverables from each work area; body of work feeds into Roadmap

Roadmap:
- Develop Work Plan
- Perform Studies and Analyze Results
- Prepare Deliverables
- Market and Regulatory Review/Analysis
- Prepare Deliverables
- Draft Roadmap
- Finalize Roadmap
THANK YOU

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