

# **Consideration Design Document: Governance**

## **Stakeholder Workshop #2: May 7, 2026**

### **I. Introduction**

The RA Sponsors and Work Group have created a series of Consideration Design documents to provide a starting point for conversations with stakeholders on key design elements for a Resource Adequacy program. The content offered in these documents is intended to give stakeholders enough specificity to provide constructive feedback and frame a discussion but should not be construed as a firm proposal. The concepts in this document represent possible design options that the RA Sponsors and Work Group have been able to coalesce around to present to stakeholders for input as an initial starting point. Written comments and discussion during the spring workshops are meant to draw out areas of stakeholder support, identify questions that need to be answered, flag issues that may require continued refinement through the initial stakeholder process and determine areas that will need a different approach. It is intended that stakeholders will review this document in preparation for the Workshop #2 held on May 7. All documents and workshop information including the Zoom link are posted publicly at: <https://rowesternenergy.org/regional-resource-adequacy/>

### **II. Background**

A Resource Adequacy program requires clear governance structures and foundational principles to support effective administration, transparency, and consistent policy development. While detailed program requirements address specific aspects of compliance and implementation, an overarching governance framework and set of guiding principles provide necessary context for how those requirements are developed, interpreted, and applied.

Transparent and clearly defined governance helps establish the program's credibility and provides market participants with certainty on the processes and procedures of how the program functions and how changes and decisions are effectuated. Understanding the governance of the program provides program participants the confidence that they're fairly represented and that their concerns are heard. Good governance with clearly defined roles and expectations could help expand the footprint of the program, further increasing benefits and power system reliability.

The Western Interconnection encompasses entities operating under a wide range of regulatory structures and jurisdictional authorities, and the RA Work Group members are no different. Any proposed program policy must respect these regulatory boundaries while ensuring that regulators with jurisdictional entities participating in the program have access to a meaningful and

transparent forum for providing input and an appropriate degree of influence during policy development.

While program participants are not the only entities affected by program policies, they are accountable for program compliance. It is envisioned that broader regional stakeholders will have opportunities to inform policy decisions through the ROWE stakeholder process, ensuring that perspectives of all stakeholders and impacted parties are appropriately considered. The interaction or integration between program participant input and broader stakeholder input is an important open issue that will need to be developed.

Although a specific cadence for collecting input and implementing policy changes is not defined in this Consideration Document, the RA Work Group envisions a policy framework that is sufficiently agile to adapt to a rapidly evolving operating environment and consistent with the ROWE's overall commitment to an inclusive stakeholder process and the public interest. This flexibility is expected to be particularly important during the program's early stages, when operational experience is being gained and participants are adapting to binding participation.

The draft language presented below is intended to establish program governance and foundational principles for subsequent policy development. These provisions should guide decision-making, clarify roles and responsibilities, and support alignment with the program's objectives but additional detail will need to be developed with stakeholders to ensure these objectives are met. Specific questions on which stakeholder comment is sought are included in each section below.

### **III. Proposed Draft Policy Language - Governance**

The suggested governance structure in this Consideration Design document borrows various elements, such as the Technical Oversight Committee model and a role for the Body of State Regulators (BOSR), from other market structures and RA programs. The RA Sponsors and Work Group have crafted an initial governance structure for stakeholder feedback that acknowledges the need for stakeholder engagement while also reflecting the reality that resulting RA obligations most directly fall on a narrow set of entities.

The proposed structure does not have full detail in all areas, (e.g., whether the proposed Technical Oversight Committee will operate by consensus or have a formal voting structure) but enough is outlined to elicit and solicit stakeholder feedback.

It is important to acknowledge that the RA Sponsors and Work Group are working on concepts in parallel to the development of the institutions that will likely administer the program. The RA Sponsors and Work Group envision that the Regional Organization for Western Energy (ROWE) is best suited to provide program oversight and administration. Yet, as all are aware, the ROWE Initial Board has not been seated. Because the Initial Board is not expected to be seated until fall

of 2026, the governance structure and the role of the ROWE proposed at the end of this initial stakeholder process will be subject to the Initial Board’s feedback and ultimate concurrence. This initial stakeholder effort will endeavor to move the proposal as far along as practicable, but there will be elements that could change or continue to evolve once the RA program is proposed to the ROWE to possibly determine its next steps.

### **Proposed Roles**

The RA Sponsors and Work Group envision the following roles within the RA program structure and the proposed entities who would fill them:

- Independent Program Oversight: ROWE Board.
- Technical Policy Coordination: A Technical Oversight Committee (TOC) would be made up of program participants and serve as the primary body for technical policy governance, including key technical and policy decisions.
- Stakeholder Process: While a TOC is unique within the ROWE structure, it is anticipated that the underlying Stakeholder Review Committee (SRC) would provide support to the TOC.
- Program Service Provider: The California Independent System Operator (CAISO). In this role the CAISO would be responsible for operational execution of the program and such tasks as modeling.
- State/Local Engagement: A Regional Advisory Group comprised of the BOSR and a Public Power representative would participate as a stakeholder engagement body, providing input but holding no decisional authority.
- Program Assessor: This role would provide independent assessment of the program. The Department of Market Monitoring (DMM) could potentially fill this role.

Comment is sought on the following questions:

- What are important elements to consider when designing a strong governance structure for an RA program?
- What governance models should the RA Sponsors and Work Group review for the RA program?

#### **A. Independent Board & Program Oversight – Regional Organization for Western Energy (ROWE)**

Governance that is independent in both perception and reality is a foundational cornerstone of Western market oversight. With the establishment of the ROWE and the seating of the independent Board in Q3 2026, the ROWE Board offers independent oversight and alignment with the governance of the EDAM market, providing an opportunity to have both resource adequacy and energy markets under the same governance structure. For this reason, the RA

Sponsors and Work Group recommend that the ROWE Board provide oversight for the RA program.

The ROWE is envisioned to serve as the Independent Board overseeing the RA program, with the ROWE Board as the ultimate oversight authority for the RA program. In this role, the ROWE would be responsible for program oversight and administrative execution.

This role would include:

- Responsibility for administration of the FERC Tariff associated with this program, including Federal Power Act Section 205 rights for filing of any initial and subsequent amendments to the FERC Tariff
- Managing and overseeing administrative processes
- Contracting with the Program Service Provider (CAISO) to execute the program
- Ensuring compliance procedures are executed consistently with the program design

The independent ROWE Board would have ultimate decision-making authority over the program and tariff.

## **B. Technical Oversight Committee (TOC)**

The Technical Oversight Committee (TOC) would function as the central venue for program participants to engage on matters related to policy and technical design, implementation, and ongoing program administration. The TOC is intended to facilitate participant input on issues that directly affect program participation, including compliance approaches, modeling frameworks, and operational considerations.

The RA Work Group conducted a review of a range of existing resource adequacy program structures to inform the development of an effective and durable governance model. That review highlighted the importance of a dedicated participant forum to support consistent application of methodologies, transparent evaluation of assumptions, and ongoing refinement of program design as system conditions evolve. Given the complexity of modeling, deliverability, and compliance constructs, the inclusion of a TOC is intended to provide a structured venue for participant expertise to inform technical standards and implementation details. Establishing this function helps promote consistency, credibility, and adaptability, while ensuring that technical considerations are developed through a transparent and collaborative process aligned with program objectives.

The TOC would be responsible for:

- Reviewing technical and policy program design elements
- Evaluating proposed changes to the FERC Tariff and Business Practice Manual (BPM)
- Developing technical or policy recommendations for the ROWE's consideration

The RA Sponsors and Work Group propose that the TOC be made up solely of program participants. This recommendation is driven by the direct and disproportionate impact the RA program will have on those that undertake to be bound by its compliance obligations.

The TOC's role would not be decisional, but it is anticipated that all material program elements would come to the TOC for consideration and the TOC would make recommendations either in support or opposition directly to the ROWE Board. Although the TOC is not decisional, it is anticipated that narrow and specified instances in which the ROWE Board would act independent of the TOC would be specified in governance documents. Such actions should be the exception, not the rule, as is befitting a voluntary program that is largely distinct from the WEM rules. It is anticipated that most of the TOC meetings would be public, subject to the usual exceptions that would be specified in a later iteration of governance documents.

As it relates to the broader stakeholder process of the ROWE, the RA Sponsors and Work Group foresee that the SRC would feed into the TOC and *vis versa*, in order to get a feedback loop and inform program rules development. The TOC would not sit above or below the SRC; they would sit side by side with the TOC holding a particular role as it relates to RA program design.

The Work Group recognizes the value that broader stakeholder forums offer for vetting or originating program design changes. These forums or committees (via the SRC or some iteration of it) should play an important role in shaping program design under the ROWE alongside the proposed TOC, and the Work Group anticipates exploring this potential multi-committee structure with respect to RA in more detail with stakeholders.

The RA Sponsors and Work Group have deferred consideration of whether a formal voting structure is needed for the TOC. Other structures have adopted voting mechanisms like House/Senate models to balance varying sector interests or to reflect imbalances in size of participants. The RA Sponsors and Work Group anticipate that a formal structure for the TOC is needed, but seek feedback on whether a voting construct is also needed, and if so whether a House/Senate model would best meet these needs.

Comment is sought on the following questions regarding the role of the TOC:

- What models or approaches should be considered when establishing the membership of the TOC?
- What types of voting models should be considered for the TOC?
- What models should be considered for oversight of RA Business Practice Manual changes?
- What is the appropriate stakeholder model for durable, diverse input about an RA program, and should it diverge from the general stakeholder process being developed for the ROWE?

### **C. Program Service Provider (PSP) – California Independent System Operator (CAISO)**

The CAISO is envisioned to act as the Program Service Provider. As the Market Operator of the EDAM footprint, leveraging the value of the existing operational structures, systems, software, optimization, and technical subject matter expertise currently in place would greatly benefit the program.

The PSP would have the technical and operational responsibilities within the program. This includes performing modeling and creating analytical work products supporting operational processes and integrating approved program requirements into the CAISO market and reliability systems. CAISO's role would be limited to the execution and implementation and would not include authority to establish policy, approve tariff changes, or independently define compliance requirements. The PSP would be routinely consulted by the TOC and other stakeholders throughout policy development, providing input on policy implementation within the market framework and serving in a technical advisory role with regard to underlying program modelling.

### **D. Regulatory Advisory Group: BOSR and Public Power**

The BOSR, along with a Public Power representative, would serve as an advisory body providing state and local perspectives and feedback on program design, governance design, and major policy choices brought forward through the stakeholder and technical review processes. This body would play a critical role in ensuring proposals are informed by state and local interests and regulatory considerations early and transparently. It is anticipated the Regulatory Advisory Group would articulate its views directly to the ROWE Board. The RA Sponsors and Work Group declined to go down the path of considering parallel Section 205 rights due to the voluntary nature of the program and it not being a required element of market participation, as it is in other RA structures or RTOs.

The Regulatory Advisory Group should have a meaningful ability to guide and help shape program design and policy choices. While the RA Sponsors and Work Group are proposing a Regulatory Advisory Group, there is a need for feedback from regulators and stakeholders on how the role of states can be enhanced.

Comment is sought on the following questions regarding the role of the BOSR and Public Power:

- Is BOSR's role as contemplated by the ROWE stakeholder process appropriate for state oversight of the RA program?

- Also, BOSR currently has two public power liaisons that serve in an advisory capacity. What changes to the BOSR should be considered, specifically for the RA program governance and oversight?

### **E. Program Assessor (PA)**

Market-related oversight is a foundational component of any resource adequacy program, serving as a critical safeguard to ensure that program structures do not create opportunities for the exercise of market power and continue to function in a manner that is reliable, efficient, and non-discriminatory. Effective oversight provides for objective monitoring of participant behavior, program outcomes, and underlying assumptions to identify potential design flaws, unintended consequences, and opportunities for improvement. Through these functions, market oversight protects consumers, reinforces confidence in program integrity, and establishes a continuous feedback loop that strengthens both program design and operational execution over time.

The Work Group identified the need for an independent evaluation and assessment of the program, but the question of how and who might fill this role remains open. This is another area of the proposal where additional stakeholder feedback would be highly valuable. One possibility would be to consider CAISO's DMM as a third-party evaluator. CAISO's DMM currently provides monitoring and oversight of the EDAM market, and DMM currently has access to relevant participant data that would support evaluations of market power.

The governance framework is intended to preserve the flexibility to adopt a different independent evaluation construct in the future should program scope, regulatory expectations, or stakeholder needs evolve. The PA role is intended to independently review program design, implementation and outcomes to ensure they are consistent with program policy.

Comment is sought on the following question:

- How should the RA program approach oversight to prevent market manipulation?

## **IV. Next Steps**

The concepts introduced in this document will be discussed during the May 7 public stakeholder meeting. A written comment period for additional feedback will be open through June 10. Stakeholders are greatly encouraged to submit written comments using the comment template to [resourceadequacy@rowesternenergy.org](mailto:resourceadequacy@rowesternenergy.org). The comment template, details on upcoming workshops, and all materials pertaining to the initial stakeholder process can be found by visiting <https://rowesternenergy.org/regional-resource-adequacy/>