

# A Pathway to a West-wide Energy Market

**Affordability, Reliability, and Choice**

**AUTHORS**

Brian Turner

Leah Rubin Shen

## INTRODUCTION

# An Achievable Regional Grid in the West

**The Western electric grid operates as a fragmented patchwork: Thirty-eight separate grid operators manage power across 11 states, each required to generate and dispatch enough energy to meet its own peak demand.**

While some areas curtail excess energy, others struggle to keep the lights on.

Electricity demand is surging—driven by the reshoring of manufacturing, the rapid growth of data centers, and widespread electrification. Utilities across the West are bracing for a surge in peak demand—at least 20%, and in some cases as high as 35%—over the next decade. As energy needs rise, costs are also

**20 –  
35%**

Expected increase in electricity demand over the next decade

climbing, and extreme weather is putting unprecedented stress on the grid. The question is no longer whether the system will be tested, but whether it is ready.

The West has a real opportunity to connect isolated systems through a regional market platform that moves power where it's needed most. For years, governance concerns kept this vision out of reach. But Western leaders have now designed a viable pathway to shared, independent oversight, and recent legislation in California clears the way for broad participation.

The path forward is clear, and the vision is achievable: the broadest and most diverse regional energy market in the nation, built by the West for the West, and grounded in affordability, reliability, and choice. In contrast, a bifurcated West, with two or more markets, locks in costly seams, threatens reliability, and diminishes state sovereignty.

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Alder Dam, Washington



**PART 2**

# The Role of Energy Markets

## **Electricity is a unique commodity: supply must equal demand every second of every day.**

Wholesale electricity markets, like other markets, are responsible for matching buyers to sellers. In the Eastern U.S. and in California, Regional Transmission Organizations (RTOs) or Independent System Operators (ISOs) operate energy markets and provide other related services to maintain grid stability and reliability. These markets and services include day-ahead markets, real-time markets, markets for ancillary services such as voltage control, transmission and interconnection planning, and more (see [Appendix A](#)).



**Electricity is a unique commodity: supply must equal demand every second of every day.**

Regional energy markets carry tremendous benefits:

### **LOWER COSTS**

Markets tap the lowest-cost generation available across a wide footprint, reduce reserve needs, and enable efficient resource sharing to lower costs for consumers and businesses.

### **GREATER RELIABILITY**

By monitoring, coordinating, and balancing supply and demand across a larger area, markets are able to draw power from different transmission pathways when demand spikes or extreme weather hits, lowering or preventing grid downtime and keeping power flowing to critical infrastructure.

### **JOBS AND ECONOMIC DEVELOPMENT**

Regional energy markets are powerful drivers of economic growth, creating jobs across the energy sector—from skilled construction roles to high-paying permanent positions. These markets also accelerate speed to power, connecting new generation and customers to the grid more quickly and cost-effectively. And more affordable energy attracts new industries and boosts household spending.

These benefits are not theoretical. Since 2014, the West has pioneered a limited market—the Energy Imbalance Market—and seen \$8 billion of benefits. A 2022 analysis by Advanced Energy United found that a fully integrated 11-state Western market could go even further—delivering up to \$2 billion in annual savings, generating 657,000 permanent jobs, and increasing regional GDP by over \$18 billion by 2030.

# \$8b

Benefits seen through the Energy Imbalance Market since 2014

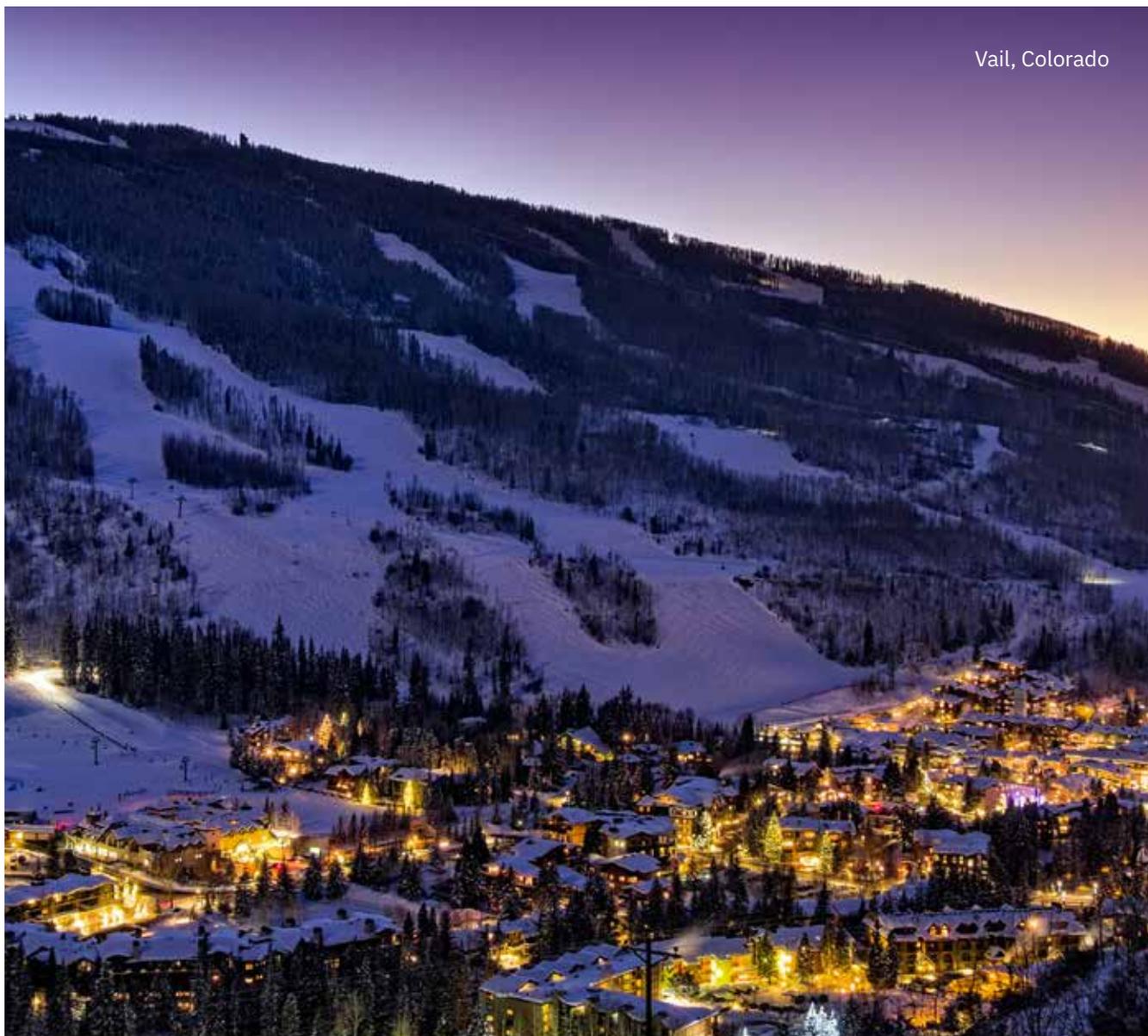
# \$2b

Potential annual savings created by an integrated Western market for electricity

# 657k

Potential jobs generated by a west-wide energy market

Olympic National Park,  
Washington



## So why hasn't the West already developed a market of its own?

In many existing markets, states cannot tailor participation—it's all or nothing—and consumers have borne costs from poorly designed capacity markets. In other cases, the governance is the problem—enabling incumbent generators and utilities to exert an outsized influence. These concerns slowed progress in the West. Today, however, the region has a chance to design a flexible, state-responsive market that captures benefits while avoiding historical pitfalls.

# \$18b

Potential increase to regional  
GDP by 2030



## PART 3

# A Uniquely Western Opportunity

**The American West has long been defined by its rugged individualism—a spirit of independence reflected in the region’s approach to energy.**

The next chapter for the region must preserve that spirit of choice while innovating and cooperating for mutual benefit.

The West, after all, has a proud tradition of building big things together: The Union Pacific railroad, the Columbia River Dams, the Pacific transmission intertie—projects that became the backbone of economic development. To meet today’s challenges, the West needs to channel that same cooperative ambition into a durable, nationwide energy market platform.

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# The Regional Organization for Western Energy

That is the idea behind the **Regional Organization for Western Energy (ROWE)**. The ROWE is designed to be a regional markets platform with a durable governance structure that can support a variety of market services. Starting with the real-time and day-ahead markets, the ROWE would then grow to add other services over time in an à la carte manner (see [Appendix A](#)). This structure positions the ROWE to become the primary energy markets platform in the West.

The ROWE isn't a copy-and-paste approach from the East. It's being built from the ground up as a uniquely Western institution— independent and voluntary.

It can preserve our region's distinct values while unlocking the benefits of regional collaboration—a new chapter in the West's long history of big, bold, and cooperative infrastructure.

Through the ROWE, a broad range of stakeholders will have a trusted venue to hammer out rules for the Western grid, while states maintain authority over their specific utility rules, regulations, and requirements. In fact, the ROWE will have the most state- and public-interest-oriented governance of any wholesale electricity market in the country.

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Four Peaks Wilderness, Arizona



## PART 4

# Making the Most of the ROWE

**This vision was developed by stakeholders from across the region through the West-Wide Governance Pathways Initiative.**

**Now, the ROWE can build on the foundation laid by the Pathways Initiative to create the broadest possible market.**

The governance of the ROWE is built to balance independence and accountability—operating efficiently as a regional market entity while remaining grounded in public oversight and state authority. This model is a game changer for the West, creating a structure that aligns regional coordination with state sovereignty for the first time.

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**There is no other market that provides the same combination of benefits—any utility considering an alternate path should reconsider.**

Las Vegas, Nevada

**1**

### **Respect for State Authority**

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Governance explicitly protects state sovereignty—no action by the ROWE can override state law. The ROWE Governing Body will also be obligated to consult state representatives on key decisions, and a standing Body of State Regulators will provide ongoing guidance for the organization’s direction.

**2**

### **Multilayered Oversight and Public Accountability**

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Built-in safeguards include a funded Consumer Advocate Organization, Office of Public Participation, and Market Expert, Monitor, and Surveillance Committee to reinforce the integrity of the markets and ensure transparency and trust.

**3**

### **Stakeholder-Led Policy Development**

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Market rules are shaped through an open stakeholder process before sharing with the ROWE Governing Body. This ensures broad input without granting any participant veto power.

**4**

### **Independent, Nonprofit Corporation**

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Operates as an independent 501(c)(3) nonprofit corporation—not a state agency or utility trade group—dedicated to the public interest and obligated by its bylaws to respect state policy authority.

**5**

### **Voluntary Participation**

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Utilities choose which services to join and can withdraw at any time, fostering engagement through value, not obligation.

# The ROWE Timeline: A Clear Path to Implementation

The creation of the ROWE will be a deliberate, stepwise process designed to build both technical readiness and regional trust.

2026

## Early 2026: The ROWE Incorporated

The ROWE will be formally incorporated as a legal entity, establishing the foundation for governance, staffing, and market preparation.

## Mid-year: The ROWE Board Members Seated

The inaugural Governing Body will be appointed, bringing together diverse voices from across the West to guide the organization's early policy, market design, and stakeholder engagement.

2027

## 2027: Tariff Development and Governance Transfer

Tariff language will be submitted to the Federal Energy Regulatory Commission (FERC) to transfer governance of the Western Energy Imbalance Market (WEIM) and Extended Day-Ahead Market (EDAM), the regional real-time and day-ahead markets run by the California Independent System Operator (CAISO).

2028

## January 2028: ROWE Assumes Market Governance

The ROWE will assume full governance authority over the WEIM and EDAM, overseeing both real-time and day-ahead energy trading across the region.

## 2028 and beyond: The ROWE Expands Services

Implementation of new voluntary services will begin [See [Appendix A](#)]. These are designed to enhance coordination, address seams, and support grid expansion, while remaining state-friendly and flexible.

## Leveraging CAISO's Strength: A Foundation for Success

This vision is achievable because the ROWE draws on the operational expertise of the California Independent System Operator (CAISO), an industry-leading grid operator with proven technology and decades of experience. Rather than building new systems from the ground up, the ROWE can immediately draw upon CAISO's proven technology platforms, seasoned market operators, and established reliability protocols.

By separating governance from operations, this collaborative model allows each organization to focus on its strengths:

**CAISO** operates the markets under contract to the ROWE, using its existing infrastructure and staff.

**ROWE** exercises sole market governance authority and oversees the CAISO contract, ensuring decisions reflect all Western states.

Partnering with CAISO gives the ROWE a powerful head start, ensuring a seamless transition and service continuity while creating a governance structure that better serves the entire region.

**Rather than building new systems from the ground up, the ROWE can immediately draw upon CAISO's proven technology platforms, seasoned market operators, and established reliability protocols.**

Rocky Mountains, Colorado



## Eliminating Seams: Why One Market Matters

While many utilities are planning to join markets offered by the ROWE, a meaningful number are exploring markets offered by Southwest Power Pool (SPP). Having two or more markets threatens a permanent bifurcation of the West, exposing the region to several risks, most notably seams. Seams—the borders between separate electricity markets—create inefficiencies, conflicting rules, and added costs.

Imagine two cities—one in UPS territory, the other in DHL’s—and in order to send a package between them, you had to unpack, reorder, repay, and reship it through a completely different system. That’s what energy transfers across market seams look like today.

Seams exist as long as there are separate markets. They are permanent inefficiencies that can be managed or patched, but never truly erased. So-called “seams agreements” exist to address inefficiencies, but often only add another layer of complexity. They will never function like one integrated market. Eastern markets have struggled with seams for years with only marginal improvements.

The implementation of the ROWE is the West’s last chance to avoid permanent seams-related costs and capture the benefits of a full regional energy market.

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## CONCLUSION

# The West is Holding the Reins

**The ROWE represents more than a technical solution—it reflects what the West can achieve when we act together. A unified, 11-state market would lower costs, strengthen reliability, and enable seamless energy sharing across the region.**

Many utilities exploring SPP's markets were motivated by concerns about governance and reluctance to be tied to California. With the ROWE now assuming governance responsibility for the western markets, those concerns are directly addressed. And the economic case is clear: studies consistently show that markets including California deliver

# 11

States comprising the proposed  
Western electricity market

significantly greater customer savings than markets that exclude it. For electricity, like any market, scale matters—bigger is better. To secure the full benefits of regional coordination—affordability, reliability, and choice—the West must commit to a single, unified market rather than a patchwork of divided systems.

The future grid of the West is being built right now, and decisions made in the next few years will set the region’s trajectory for decades.

**For the first time, the West truly holds the reins.** The ROWE can become the platform that stitches together the region’s diverse resources and dynamic economies through voluntary, respectful collaboration.

**To secure the full benefits of regional coordination—affordability, reliability, and choice—the West must commit to a single, unified market rather than a patchwork of divided systems.**



**To learn more and get involved, scan the QR code to visit [BytheWest.org](https://BytheWest.org).**

Snoqualmie, Washington

## APPENDIX A

# Markets Glossary

## Where the ROWE begins

### Real-time markets

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Energy markets that match buyers and sellers in near-real time. Also called energy imbalance markets because they are primarily used by utilities to correct for relatively small differences between the utility’s demand and available supply. The Western Energy Imbalance Market (WEIM) has existed since 2014, and the ROWE will assume governance control in 2028.

### Day-ahead markets

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Energy markets that match buyers and sellers up to 24 hours in advance. Significantly more trading occurs in the day-ahead timeframe because utilities can integrate market prices into their planning. If prices in the day-ahead market are low, utilities can choose to buy rather than use their own more expensive generators. Conversely, if day-ahead prices are high, a utility may increase its lower-cost supply and sell into the market. The Extended Day-Ahead Market will be launched by CAISO in 2026, and the ROWE will assume governance control in 2028.

# Additional services that can be added

## Ancillary services market

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Ancillary services in electricity are services needed to maintain grid stability and ensure the reliable delivery of power, such as frequency and voltage control, spinning reserve, and black start capability. A market connects generators and other resources that supply these services to utilities and grid operators that may need them.

## Resource Adequacy

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A bedrock requirement of state and federal law is that utilities must ensure they have adequate resources to meet electric demand in both normal and extraordinary circumstances. The ROWE can build on state resource adequacy constructs to verify resource adequacy and facilitate reserve sharing.

## Transmission planning

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Because the BAA must ensure electric supply can travel to where the demand is, RTOs and ISOs often take on the role of transmission planning. RTOs use sophisticated modeling to determine where transmission is needed to ensure reliable operation or could yield cost savings.

# Additional services that can be added (continued)

## Interconnection planning

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Connecting new generators to the grid can be a complicated and controversial process because of complex interactions with the existing grid. Interconnection planning manages studies, permissions, and cost calculations for interconnections.

## Balancing Area Authority (BAA)

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The entity in charge of actually operating the grid, ensuring that supply equals demand at every fraction of a second, that the right electric generators are appropriately turned up or down, that transmission is available and able to move the power to demand, and that every entity involved in exchange is appropriately measured and compensated.

# REPORT AUTHORS

**Brian Turner** is a Policy Director at Advanced Energy United, where he leads the organization's regulatory engagement in the West and serves on the West-Wide Governance Pathways Launch Committee.

**Leah Rubin Shen** is a Managing Director at Advanced Energy United, where she oversees the organization's legislative, political, and regulatory engagement in the West.

