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ACP-California supports SB 540 to unlock benefits of expanded Western energy markets

American Clean Power-California supports SB 540, a proposal Senate Energy Chair Josh Becker introduced today that would help the state keep the lights on, stem rising energy costs and reduce air pollution.

The legislation clears the way for California to benefit from increased participation in two regional energy markets: the Western Energy Imbalance Market, which has produced more than [\\$6 billion in benefits](#) over a decade, and the pending Extended Day-Ahead Market.

Those markets are poised to expand under a [West-Wide Governance Pathways Initiative](#) proposal to establish a regional organization with independent governance that would set rules for the WEIM and the EDAM. A [recent study](#) determined an independently governed EDAM could save California as much as \$790 million per year while reducing emissions in the state and minimizing the need to curtail wind and solar power.

Becker's bill makes a small, conforming change to California law to ensure California utilities and the California Independent System Operator can participate in the expanded markets managed by the new regional organization.

"This legislation advances the holy trinity of California energy policy: it will make our power grid cleaner, more affordable, and more reliable — all while preserving a level playing field for states across the West." said Alex Jackson, ACP-California's executive director. "We enthusiastically support it."

The bill is cosponsored by the Coalition of California Utility Employees, State Association of Electrical Workers, Environmental Defense Fund and Natural Resources Defense Council. It would implement the recommendations of the Pathways Initiative, a collaborative interstate effort launched in 2023 to identify ways to make the Western grid more efficient and more resilient amid increasingly extreme weather. Step 1 of the proposal, which did not

require legislation, gave the WEIM Governing Body primary authority over the WEIM and EDAM to demonstrate progress toward independent decision-making over the regional markets.

Under [Step 2](#), which SB 540 would implement, CAISO would transfer governance of WEIM and EDAM to the new regional organization while continuing to operate the markets and the power grid. The initiative won't affect individual states' energy priorities, including California's clean energy goals. But with independent governance under the new regional organization, the markets are poised to attract a host of new participants including PacifiCorp, NV Energy, the Public Service Company of New Mexico and Idaho Power.

“This proposal has been carefully vetted through a robust public process and enjoys broad support from diverse stakeholders across the West,” said Jackson. “Let’s keep the momentum going and pass this bill without delay.”

Expanding the markets will create a bigger pool of diverse energy resources that may be dispatched across state lines. That will give market operators more options to utilize the lowest cost power to serve customers and provide a bigger cushion for regions strained by wildfires, cold spells, heat waves and freak storms.

The recent Brattle Group study identified a range of benefits that would result from expanded participation in the markets by Western power brokers. With maximum West-wide participation, the study estimated the following:

- Savings of \$790 million per year
- An 11 percent drop in California greenhouse gas emissions
- 10 percent drop in California wind and solar curtailments
- Expanded supply cushion in the hours when the grid is most strained

*The American Clean Power Association (ACP) is the leading voice of today's multi-tech clean energy industry, representing energy storage, wind, utility-scale solar, clean hydrogen, and transmission companies. ACP is committed to meeting America's energy and national security goals and building our economy with fast-growing, low-cost, and reliable domestic power. Learn more at [cleanpower.org](https://cleanpower.org).*