

**West-Wide Governance Pathways Initiative**  
**Comments of San Diego Gas & Electric on the Phase 1 Straw Proposal**  
**May 8, 2024**

SDG&E appreciates the opportunity to provide feedback on the West-Wide Governance Pathways Initiative Phase 1 Straw Proposal and offers the following responses to the key areas for feedback as presented in the stakeholder guidance document.

**1. Please provide input on support or concerns with Step 1 as it is proposed.**

SDG&E is generally supportive of Step 1 as proposed. This near-term incremental increase in independent governance for the WEIM Governing Body builds on the existing governance structure while providing the increased autonomy desired by participants.

SDG&E is supportive of the trigger to initiate Step 1, which would occur once a critical mass of geographically diverse entities express the intent to join the Extended Day-Ahead Market (EDAM). It generally makes sense for the process to move to the next step once a certain amount of load has committed to EDAM. However, as EDAM implementation agreements are non-binding; all expressions of intent to join EDAM are solely in good faith. This creates a scenario where the trigger is met, but entities may reverse their intention to affiliate with EDAM, which could result in the amount of committed load dropping before the trigger requirements. Without clarification, there is a possibility that this could stall the initiative.

**2. Please provide input on whether and how this level of governance independence (as proposed in the Step 2 options) would create opportunities or challenges for your organization and the broader Western region.**

SDG&E supports the initiative to shift the governance to an organization independent of the CAISO and is generally comfortable with the level of governance independence described in options 2 and 2.5.

**3. Please provide input on whether and how these varying levels of institutional independence and responsibilities (as proposed in the Step 2 Options) would create opportunities or challenges for your organization and the broader Western region.**

The variance of institutional independence and responsibilities is substantial between option 2 and option 2.5. Ultimately, the more autonomous the capabilities of the RO, the higher the responsibilities, liabilities, obligations, and cost.

SDG&E is interested in further transparency around the cost implications of all the options put forward, both around funding as it is being developed, as well as ongoing costs once established.

**4. Please provide structural ideas for unexplored or new options with as much detail as possible.**

SDG&E believes the range of current options are appropriate for this effort.

**5. Please share any questions and considerations that you would like the Launch Committee to address in its work to refine and develop a recommendation, including legal risk and analysis.**

SDG&E notes there are several open questions regarding the timing of triggering events which will predicate the transition to a RO governance as contemplated in Step 2. The straw proposal states that some elements of creating the RO and the overall Step 2 proposal could be implemented sooner than others, and those elements could be put in place prior to the consideration of further legislation in California. Given the challenges legislative efforts face and the uncertainty of any future timeline for that legislation, it will be important to develop more detail on this aspect of the proposal. For example, what elements could be put in place without legislation, what effort would be required, and what would that transition look like.

SDG&E looks forward to gaining more detail on this process and on the Step 2 proposal more broadly, and thanks the Launch Committee for their work and significant progress on this effort.