



CALIFORNIA DEPARTMENT OF WATER RESOURCES



The California Department of Water Resources – State Water Project’s Comments on the Regional Organization for Western Energy Draft Briefing Book

Submitted By: Thomas Vargas Market Policy Manager for Jorge Quintero

Submission Date: September 4th, 2026

I. INTRODUCTION

The California Department of Water Resources (“CDWR”) is an agency of the State of California, headquartered in Sacramento. It is responsible for monitoring, conserving and developing California’s water resources, providing flood protection to ensure public safety, and preventing property damage related to water resources. A primary responsibility of CDWR is the construction, operation, and maintenance of the State Water Project (“SWP”).

The California Department of Water Resources - State Water Project (CDWR-SWP) is the largest state-owned, multi-purpose water project in the country. Its operations are critical to the resources and economy of the state. The CDWR-SWP’s system spans nearly the entire state, from Upper Feather River reservoirs and Lake Oroville in Northern California to Pyramid, Castaic, Silverwood and Perris reservoirs in Southern California. The CDWR-SWP delivers an average of 2.6 million acre-feet of water per year to 29 public agency water contractors throughout California. Approximately 40% of the deliveries are used to irrigate approximately 750,000 acres of farmland. The rest of the deliveries serve the water needs of more than 27 million Californians.

The CDWR-SWP’s water conveyance system includes 29 water storage facilities, approximately 700 miles of aqueducts and pipelines, 21 pumping plants, three pumping-generating plants and five hydroelectric power plants. The CDWR-SWP’s power generating sources have capacity of over 1,700 megawatts and generate 1,500 to 5,000 gigawatt-hours of energy per year. The CDWR-SWP’s pumping facilities have capacity of over 2,600 megawatts and consume 2,500 to 9,500 gigawatt-hours of energy per year. In addition to its hydroelectric facilities, the CDWR-SWP receives power from long-term contracts. Furthermore, the CDWR-SWP manages its power operation through self-generation, load management including demand response, purchase and sales transactions with other entities, and participation in the California Independent System Operator Corporation (“CAISO”) power markets.

On August 14, 2026, the Regional Organization for Western Energy (ROWE) released the Draft Briefing Book¹ and held a workshop² to review and discuss the Briefing Book. The CDWR-SWP supports

¹ <https://www.westernenergyboard.org/wwgpi/>

² <https://www.youtube.com/watch?v=6RgzGiRPoE8>

the Regional Organization for Western Energy (ROWE) Draft Briefing Book and appreciates the opportunity to comment.

CDWR-SWP comments:

- a) Environmental Impacts and building efficiencies should be in reports and analysis information, including the selection criteria for determining the city for the ROWE's Principal Place of Business.
- b) CDWR-SWP requests that ROWE ensure it retains meaningful representation in the stakeholder process, consistent with its current level of engagement with CAISO today. There is no single sector that is a perfect fit for CDWR-SWP. Currently, CDWR-SWP participates primarily in the Consumer Owned Utilities Sector but also is active with the Independent Power Producers and Marketers Sector. Given the current state of the proposal, CDWR-SWP would anticipate continuing its participation in this way. Another option for CDWR-SWP might be participation via the Other Load Serving Entities Sector. That, however, is made less attractive due to the limited participation opportunities afforded that Sector in that it has no SRC Seat and only limited indicative voting. If the Other Load Serving Entities Sector was to be given full participation on a par with the other Sectors, it might be a solution for CDWR-SWP. Failing that, CDWR-SWP would like to see clarification of a process by which a stakeholder can request creation of a new sector that is a better fit.

This request is consistent with the stakeholder process principles the Draft Briefing Book itself adopts from the North American Electric Reliability Corporation (NERC) Rules of Procedure, including a fair balance of interests, ensuring the process "is not dominated by a small number of sectors, and respect[s] minority positions," and due process, "reasonable notice and opportunity to participate and to have views considered." As an entity whose interests diverge from those of any assigned sector, CDWR-SWP is precisely the kind of minority position these principles are meant to protect.

- c) The assessment of the Stakeholder Process, the division of Sectors, and number of representatives on the Stakeholder Representative Committee (SRC) should not only occur after 2 years of operation but should also be a process that stakeholders can trigger to start an evaluation anytime afterwards so the SRC and its Sectors can adjust to future market changes and changes to market participants.
- d) CDWR-SWP recommends that ROWE establish an account management function for market participants, similar to CAISO's Client Relations function. A dedicated point of contact would be particularly valuable for entities with atypical circumstances, such as CDWR-SWP, in navigating registration, sector classification, and market participation questions as ROWE stands up its operations.
- e) CDWR-SWP requests that ROWE clarify how the Board and Public Policy Committee will resolve situations where a Market Initiative that avoids an adverse impact on one Participating State's policy objectives creates an adverse impact on another Participating

State’s policy objectives. Sections 4.1.1.2 and 4.3 of the draft ROWE Governance Tariff direct the Board to minimize adverse impacts on state policy, but do not address how conflicts between states’ policy objectives would be resolved.

II. DISCUSSION

- A. Environmental Impacts and building efficiencies should be in reports and analysis information, including the selection criteria for determining the city for the ROWE’s Principal Place of Business³.

CDWR-SWP believes the ROWE should include Environmental Impacts when gathering information for analysis and data for reports, such as when determining which city would be best location for ROWE’s Principal Place of Business. Environmental Impacts and building efficiencies should be considered as factors when selecting a location to demonstrate that we are mindful of sustainability, and it should be reported for consideration when making those decisions.

- B. CDWR-SWP requests that ROWE ensure it retains meaningful representation in the stakeholder process, consistent with its current level of engagement with CAISO today.

There is no single sector that is a perfect fit for CDWR-SWP. Currently, CDWR-SWP participates primarily in the Consumer Owned Utilities Sector but also is active with the Independent Power Producers and Marketers Sector. Given the current state of the proposal, CDWR-SWP would anticipate continuing its participation in this way. Another option for CDWR-SWP might be participation via the Other Load Serving Entities Sector. That, however, is made less attractive due to the limited participation opportunities afforded that Sector in that it has no SRC Seat and only limited indicative voting. If the Other Load Serving Entities Sector was to be given full participation on a par with the other Sectors, it might be a solution for CDWR-SWP. Failing that, CDWR-SWP would like to see clarification of a process by which a stakeholder can request creation of a new sector that is a better fit.

This request is consistent with the stakeholder process principles the Draft Briefing Book itself adopts from the North American Electric Reliability Corporation (NERC) Rules of Procedure, including a fair balance of interests, ensuring the process “is not dominated by a small number of sectors, and respect[s] minority positions,” and due process, “reasonable notice and opportunity to participate and to have views considered.” As an entity whose interests diverge from those of any assigned sector, CDWR-SWP is precisely the kind of minority position these principles are meant to protect.

Although CDWR-SWP shares some attributes with several of the enumerated sectors, it does not fit squarely into any single category. As reflected in one of CDWR-SWP’s Federal Energy Regulatory Commission filings, CDWR-SWP is a significant generator, but only as a byproduct of its primary function, the delivery of water, and even then, generates largely to meet its own load. CDWR-SWP is a

³ ROWE, ROWE Stakeholder Process, August 14, 2026 (ROWE Draft Briefing Book). Available as “Draft Chapter 2 – ROWE Corporate Organization and Governance – Section E: Principal Place of Business” at 5, https://www.westernenergyboard.org/wp-content/uploads/DRAFT-Chapter-2_Corporate-Organization-and-Governance.docx.pdf

wholesale transmission customer but has no retail load. CDWR-SWP is a publicly owned utility, exempt from California Public Utilities Commission jurisdiction, but does not serve retail customers. CDWR-SWP is a very sizable load within the CAISO but is not commercial or industrial. CDWR-SWP submits these comments to ensure this unique operational profile is accounted for as ROWE finalizes its stakeholder sector structure.

- C. The assessment of the Stakeholder Process, the division of Sectors, and number of representatives on the Stakeholder Representative Committee (SRC)⁴ should not only occur after 2 years of operation but should also be a process that stakeholders can trigger to start an evaluation anytime afterwards so the SRC and its Sectors can adjust to future market changes and changes to market participants.

CDWR-SWP recommends that the ROWE establish both a standard periodic review, occurring every set number of years, and a process that allows stakeholders to trigger a review at any time, to reassess the Sector divisions, their makeup, and the number of SRC representatives that each sector is assigned. Chapter 8: ROWE Stakeholder Process, Section J: Voting Processes, Part 4a: Voting on a Final Proposal – Remand⁵, says “The number of SRC sectors may grow (or possibly shrink) over time.” Having both a regularly scheduled review and a stakeholder-triggered review option would make sure that the SRC better reflects future changes in the Sectors and their size. This would follow the “essential principles” from the North American Electric Reliability Corporation (NERC) standards development portions of the Rules of Procedure⁴:

- a. Openness – participation open to all persons;
- b. Transparency – transparent to the public;
- c. Consensus building – build and document consensus;
- d. Fair balance of interests – not dominated by a small number of sectors, and respect for minority positions;
- e. Due process – reasonable notice and opportunity to participate and to have views considered; and
- f. Timeliness – getting things done, not bogged down in stalemates.

- D. CDWR-SWP recommends that ROWE establish an account management function for market participants, similar to CAISO’s Client Relations function. A dedicated point of contact would be particularly valuable for entities with atypical circumstances, such as CDWR-SWP, in navigating registration, sector classification, and market participation questions as ROWE stands up its operations.

An account management function would help ROWE build institutional knowledge about entities that do not fit neatly into the SRC sector structure, reducing the administrative burden on both

⁴ ROWE, ROWE Stakeholder Process, August 14, 2026 (ROWE Draft Briefing Book). Available as “Updated Draft Chapter 8: ROWE Stakeholder Process, Section B: The Stakeholder Representative Committee” at 4, 1,

https://www.westernenergyboard.org/wp-content/uploads/DRAFT-Chapter-8_Stakeholder-Process_Updated-1.pdf

⁵ ROWE, ROWE Stakeholder Process, August 14, 2026 (ROWE Draft Briefing Book). Available as “Updated Draft Chapter 8: ROWE Stakeholder Process, Section J: Voting Processes, Part 4a: Voting on a Final Proposal – Remand” at 31,

https://www.westernenergyboard.org/wp-content/uploads/DRAFT-Chapter-8_Stakeholder-Process_Updated-1.pdf

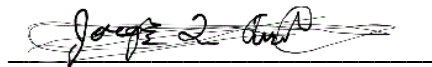
ROWE staff and stakeholders like CDWR-SWP in resolving registration and classification questions as they arise.

- E. CDWR-SWP requests that ROWE clarify how the Board and Public Policy Committee will resolve situations where a Market Initiative that avoids an adverse impact on one Participating State's policy objectives creates an adverse impact on another Participating State's policy objectives. Sections 4.1.1.2 and 4.3 of the draft ROWE Governance Tariff⁶ direct the Board to minimize adverse impacts on state policy, but do not address how conflicts between states' policy objectives would be resolved.

As currently drafted, Sections 4.1.1.2 and 4.3 of the draft ROWE Governance Tariff task the Board and Public Policy Committee with minimizing adverse impacts to Participating States' policy objectives, but neither provision addresses the scenario where two or more states' policy objectives are themselves in conflict. Given the number of Participating States anticipated under ROWE, CDWR-SWP believes this is a realistic scenario that the ROWE Board should address before it arises in practice.

III. CONCLUSION

CDWR-SWP supports the Draft ROWE Draft Briefing Book and looks forward to continuing work on its preparation for the ROWE Board to be seated in October. When revising the ROWE Draft Briefing Book, CDWR-SWP reiterates its suggestions about the Sectors, a policy to trigger consideration of the Stakeholder Process Review, and an account management function for market participants. The ROWE should also consider adding a full environmental review for all the locations that have the potential to be ROWE's Principal Place of Business, addressing factors such as water availability, wildfire risk, air quality, and other regional environmental considerations relevant to each location, as well as clarifying how conflicts between Participating States' policy objectives would be resolved.



Jorge Luis Quintero - P.E.
Power Operations Management
Assistant Division Manager - Division of O&M
California Department of Water Resources - SWP

⁶ ROWE, ROWE Stakeholder Process, August 14, 2026 (ROWE Draft Briefing Book). Available as "Draft Chapter 3: ROWE Governance Tariff, Section 4.1: Board of Directors" at 7, <https://www.westernenergyboard.org/wp-content/uploads/Draft-Chapter-3-ROWE-Governance-Tariff.docx.pdf>