

Stakeholder Comment Template: RO Governance and Formation Workshop

July 25, 2024

Comments from: San Diego Gas & Electric (SDG&E)

The Launch Committee has identified several specific areas that would be valuable to receive input to help refine this area of the Step 2 Proposal. All feedback is welcome, but responses to the following questions would be particularly helpful:

Regional Organization Formation Questions:

1. Type of Organization: do you support the proposed 501(c)(3) organization of the RO? If there is another organization that you feel would be a stronger fit for the RO, please tell us which organization you prefer and the basis for your opinion.

SDG&E supports the proposed 501(c)(3) organization of the RO. As CAISO is an entity of the same status, SDG&E sees no issues with the RO following suit.

2. State of Incorporation: Do you support proposed incorporation of the RO in Delaware? If you think there is another state that you feel would be a more compelling option, please tell us which state and the basis for your opinion.

SDG&E supports the incorporation of the RO in Delaware.

3. Principal Place of Business: Do you support co-locating the RO in Folsom with the CAISO as the principal place of business? If there is a different location that you feel would be a stronger fit, please tell us which location and the basis for your opinion.

SDG&E supports the co-location of the RO with the CAISO in Folsom. Co-locating with CAISO allows for significant cost saving benefits, as well as logistical benefits as CAISO maintains its status as market operator.

4. Do you have any additional feedback you would like to share with the Launch Committee on these topics?

SDG&E does not have any further feedback at this time.

Regional Organization Governance Questions:

1. The working proposal recommends there should be a collaborative relationship between the existing CAISO Board and the new RO Board. Where there are issues of joint authority for the two boards to consider, there should be joint meetings. Do you agree with the recommendation? If not, please share your thinking and an alternative proposal for how this issue can better be addressed.

SDG&E is supportive of a collaborative relationship between the existing CAISO BOG and the new RO Board. While it is understood that there will be few remaining issues of joint authority once tariff provisions are delegated between the new RO Board and the CAISO BOG, if issues of joint authority do arise, SDG&E agrees the boards should meet to confer on the topic and maintain a transparent, effective and efficient working relationship.

2. The working proposal recommends the RO Board should consist of seven members that meet the knowledge and skills requirements outlined in the RO Board selection procedure. Do you agree with the recommendation? If not, please share your thinking and an alternative proposal for how this issue can better be addressed.

SDG&E is supportive of a seven member board, as well as the knowledge and skill requirements listed in the draft form of the board selection procedure.

3. The working proposal recommends seats on the RO Board should not be reserved per se. Do you agree with the recommendation? If not, please share your thinking and an alternative proposal for how this issue can better be addressed.

Generally, reserving board seats shrinks the pool of candidates for the Executive Search Firm and the nominating committee. As long as candidates are diverse in experience, background, and geography, and follows the knowledge and skills requirements, a successful board should be able to be seated.

4. The working proposal recommends the details of the Transition Plan from the WEM GB to the new RO Board should be left to the Formation Committee. Do you agree with the recommendation? If not, please share your thinking and an alternative proposal for how this issue can better be addressed.

SDG&E requests further information on this topic. It is unclear what details the Formation Committee will be responsible for and whether stakeholders will have input. Depending on the details the Formation Committee will be responsible for, the process could need to be similar to the Launch Committee, where discussions and comments are shared by stakeholders and taken into consideration by the Committee. As the process moves toward implementation, it is imperative that stakeholders maintain the ability to provide input and feedback to the committee.

5. The working proposal recommends that, based upon discussions to date, the Launch Committee has taken the position in the Phase 2 work plan that we will not launch the RO before the legislation is signed and the amended tariff is filed at FERC. There are formation efforts (e.g. type of corporation, tariff language development, bylaws development, board selection process) that should be pursued by the Formation Committee in conjunction with the CAISO in advance of these milestones, but mindful of the legislative process. Do you agree with the recommendation? If not, please share your thinking and an alternative proposal for how this issue can better be addressed.

SDG&E is supportive of this recommendation. Work should continue in parallel with the legislation so there is no delay in standing up the RO once the legislation and tariff amendment are finalized.

6. The working proposal recommends that startup funding for the RO will likely be required before any market supported funding is available. Due consideration should be given to identifying funding that would not be considered as compromising Board independence. Such sources might include DOE grant funding or ongoing support from the Pathways Initiative 501.c.3 funding via Global Impact. Do you agree with the recommendation? If not, please share your thinking and an alternative proposal for how this issue can better be addressed.

SDG&E is supportive of this recommendation. All potential funding sources should be pursued, as long as it does not compromise Board independence.

7. The Work Group is developing a draft RO Board selection procedure that started with the current WEM GB selection process. Specific issues for stakeholder input include:

- Number and definition of nominating committee sectors
- Board knowledge and skills requirements
- Use of Formation Committee as approval body for initial board selection
- Restriction on number of current WEM GB members that can transition to the new RO Board

Please share your thinking on the proposal and any alternative proposals for how these issues can better be addressed.

SDG&E supports the board selection procedure as currently proposed, understanding that it is still in draft form. Utilizing the WEIM GB selection criteria as a template for the RO is a reasonable starting point. Expertise in the denoted areas will make for a tenable selection pool, and criteria for exclusion are also reasonable.

8. Do you have any additional feedback you would like to share with the Launch Committee on these topics?

SDG&E does not have any further feedback at this time.

Written comments are due on August 8, 2024. Please submit comments via email to Comments@WestWidePathwaysInitiative.org. Thank you in advance for your time and feedback. We look forward to receiving your comments and ideas.