August 8, 2024

Stakeholder Comment Template: RO Formation and Governance
Comments by the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California ("Six Cities")

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.

   Six Cities' Response: The Six Cities support the recommendation for a 501(c)(3) form of organization.

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.

   Six Cities' Response: As a preliminary matter, the Six Cities do not object to further consideration of Delaware as the state of incorporation for the Regional Organization. However, the Six Cities would like to have a better understanding of any interrelationships between the state of incorporation for the Regional Organization and such matters as choice of law, jurisdiction, and venue for dispute resolution prior to making a final decision on state of incorporation. The Six Cities request that additional information on any such interrelationships be provided for discussion in future working groups on formation topics.

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.

   Six Cities' Response: The Six Cities support the recommendation on principal place of business.

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

   Six Cities' Response: The Six Cities do not have any additional comments at this time relating to formation of the Regional Organization.

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.

   Six Cities' Response: The Six Cities agree with the recommendation above.

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.

   Six Cities' Response: The Six Cities agree with the recommendation above.

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.

   Six Cities' Response: The Six Cities agree with the recommendation above.

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.

   Six Cities' Response: The Six Cities do not object to the Formation Committee taking the lead in the first instance on developing the details of the Transition Plan from the WEM GB to the new Regional Organization Board. However, the Formation Committee should make drafts of the Transition Plan public and allow adequate opportunities for input from interested stakeholders.

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.

   Six Cities' Response: The Six Cities agree with the recommendation above.

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.

   Six Cities' Response: The Six Cities do not object to consideration of the startup funding alternatives described in the working proposal.

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.

   Six Cities' Response: The Six Cities do not have comments at this time regarding the Regional Organization Board selection process.

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

   Six Cities' Response: As various elements of the Regional Organization governance proposal evolve, the Six Cities urge the Launch Committee to remain focused on the multiple roles that the CAISO will have with respect to the Western Energy Markets as well as operation of the transmission systems committed to the CAISO's operational control and the CAISO balancing authority area. The Six Cities support efforts to ensure independence of decision-making with respect to market rules for the energy markets that will apply to all market participants. But independence of decision-making with regard to market operations should not limit the CAISO's authority in its roles as transmission provider, transmission operator, and balancing authority. The CAISO should retain the same decisional authority and operational flexibility available to other transmission operators, transmission providers, and balancing authorities when acting in those capacities, and the Regional Organization governance framework should respect that principle.

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