

Draft Initial RO Board Seating Proposal

Proposal

The initial seating of the RO Board will occur as early as July 2026 and no later than January 2027. The Nominating Committee (NC) process is anticipated to begin in January 2026, targeting a July 2026 seating. The initial seating would include five of the seven RO Board members, with the remaining two board members to be seated once tariff changes are approved and funding is in place (approved tariff anticipated January 2028). The budget will be drafted to reflect five Board Members seated in July. If the first candidate pool does not yield sufficient qualified candidates for the five seats, additional recruitment activities will be undertaken. Because there is no deadline for a Board to be seated, providing a date range builds in flexibility if more time is needed for seating the Board.

All five initial members would serve until the RO tariff is approved and implemented. Service during this initial period will not be counted against the three-year three-term limit. Once the RO tariff is approved and tariff funding is in place (anticipated date of 1/1/28), the terms of the five members and the additional two members would begin and would be staggered as follows:

- 2-seats: 1-year terms
- 2-seats: 2-year terms
- 3-seats: 3-year term

For those who are assigned a 1 or 2 year term, this service would not count towards the three-year three-term limit. Stated another way, service from July 2026-tariff approval (Jan 1, 2028) and a 1 or 2 year term beginning Jan 1, 2028, will not count towards the three-term limit.

Concerns over Board Members potentially serving more than 9 years are mitigated by the responsibility of the Nominating Committee to ensure Board Members, both new or current members up for re-appointment, possess the right skillset to meet the needs of the RO Board at that moment in time. For example, it is anticipated that the Board Member skillsets needed in the early days of the RO will be different than those needed as the organization matures and continues to evolve. Having three-year terms and staggered terms should provide long enough service periods to attract candidates, but also allow for the needs of the Board to change and the ability to bring in new Board Members to meet those evolving needs. Experience from the WEM Governing Body is that most Board Members have not reached the term limit; empowering the Nominating Committee with the responsibility and duty to determine the right candidate for the Board at the right time should guard against re-appointment of candidates who may not continue to be a strong fit as the RO Board needs evolve.

There is a practical need to have a full 5-member WEM Governing Body (GB) in place until the RO tariff is approved and implemented, given the ongoing WEIM oversight and EDAM implementation activities over the next several years. If WEM GB members are interested in serving on the RO Board before the RO tariff is approved and implemented, the WEM GB would need to replace anyone who is chosen for the RO Board to maintain a full 5-member WEM GB.

Justification

- Timing: Seating the Board as early as possible demonstrates continued progress and will allow for negotiations with the CAISO on the tariff and service agreement to begin in earnest as early as possible. Maintaining an ambitious schedule for seating will also increase the likelihood of obtaining an approved tariff and funding by January 2028. However, couching the timeframe with the “no later than” language provides flexibility if the schedule lags and the NC process takes longer than the anticipated six months.
 - It’s possible that additional time for seating may be needed due to the large number of needed Board members and the potential challenge of candidates meeting the independence requirement and conflict of interest screening. If the candidate pool does not yield sufficient candidates for consideration, providing extra time for seating (the no later than date) would allow for additional recruitment activities. If by November 2026, five viable candidates have not been found, then the LC may want to reassess how many Board Members to seat in the initial seating. Maintaining the proposed timeline for seating the Board will not be the driving factor for seating the Board; the guiding principle and determinative factor will be finding qualified candidates.
- Number of Board Members: The primary role of the initial RO Board until the RO tariff is approved and implemented is negotiating with the CAISO to modify the tariff and create a service agreement; the initial Board would not have any authority over the markets. Given this limited but critical role, the LC is recommending seating five of the seven positions initially. Seating five members rather than a smaller number will provide a more complete body for those negotiations. An initial five-member Board would also mirror the number of WEM Governing Body members.
- Budget: Seating a five-member RO Board in July will increase the overall budget as opposed to an initial smaller Board or seating the Board at a later date. The LC does not want budget to be a limiting factor in the RO Board seating determination. The tradeoff of the benefit of having a larger, more complete Board in place for negotiating the agreements with CAISO is a higher priority.
- WEM Governing Body (GB) Considerations: WEM GB members interested in being considered for serving on the RO Board will be evaluated against other interested and qualified candidates. The RO Board selection will be competitive and no seats will be reserved for WEM GB members. However, WEM GB members who apply for RO Board seats will be automatically passed through the initial resume review and considered as part of the candidate pool. WEM GB members will still need to meet the conflict of interest screen and independence requirements the same as any other candidates.
 - If WEM GB members are selected for the initial RO Board seating, the WEM GB NC process for filling these newly vacated seats will be activated. The WEM GB has a process in place for filling vacant seats which would allow for the WEM GB to maintain five members until the time the RO is fully operational and the WEM GB retired.