

## **West-Wide Governance Pathways Initiative Regional Organization Formation and Governance**

<b>Submitted by</b>	<b>Company</b>	<b>Date Submitted</b>
Elizabeth Lopez Elizabeth.lopezgonzalez@pge.com	Pacific Gas and Electric Company (PG&E)	August 8, 2024

PG&E appreciates the West-wide Governance Pathways Initiative (Pathways) Regional Organization (RO) formation and governance working group's efforts and the opportunity to provide comments.

PG&E supports a stepwise approach to RO formation in alignment with the California legislative process.

### **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.**

PG&E supports continuation of a robust, collaborative relationship between the CAISO Board of Governors, the Western Energy Market (WEM) Governing Body and initiation and incorporation of the new RO board into this relationship as it is developing. The collaboration of CAISO Board of Governors and the WEM Governing Body over the past ten years has grown and developed into a robust, equitable relationship with benefit to all the stakeholders and customers.

PG&E also agrees joint meetings are a valuable part of developing the relationship and making transparent the broad interests to ensure continuation of an effective, efficient market to serve customers.

- 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.**

PG&E would appreciate additional information and understanding on how Pathways determined seven RO board members is the appropriate number. Balancing board size and effective representation is challenging, so PG&E is seeking additional insight into the

recommendation to better understand what other factors were considered and how did the recommendation incorporate those ideas into forming a recommendation?

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.**

PG&E agrees reserved board seats are not necessary.

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.**

PG&E agrees with the “pre-launch” steps, proposed by the work group, which clarifies initiating the RO formation process should not commence until California legislation has been approved and the tariff amendments have been filed at FERC.

Part of the pre-launch activities should include the transition plan from the WEM Governing Body to the new RO board. PG&E recommends the actual transition should only begin after California legislation is approved and the tariff amendments are filed at FERC.

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 2 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.**

PG&E supports the idea of having a stepwise approach or “pre-launch” steps by the Formation Committee in conjunction with the CAISO to initiate the required and necessary regulatory steps to form a Regional Organization, but not to the extent the activities “jump in front” of California Legislative efforts. Additional details on the activities, sequencing of those activities, who is executing and who is approving these activities would be helpful to ensure a full, complete understanding of the expected roles and responsibilities for the Formation Committee, Nominating Committee, RO Board, Pathways Launch Committee, Board of State Regulators, etc.

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.**

PG&E supports the working proposal recommendations and recognizes that the way in which the RO identifies funding for their activities is dependent on the success of other steps. Appropriate and timely funding sources for the RO activities may need interim steps over both before, and after, California legislation has been approved and the tariff amendments are filed at FERC.

**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**

PG&E supports a diverse nominating committee, representing the various energy sectors and interests participating in this regional market. While diverse representation is important, it needs to be balanced against the concern that load's representation is not diluted. Most of the cost of generation and transmission in the Western United States is eventually paid for by load (*i.e.*, customers). It is critical that a nominating committee has adequate representation for load, who ultimately bears the financial burden of the decisions made by the selected RO Board. It is important that we strike the right balance that can represent all perspectives while maintaining a connection between financial responsibility and representation.

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

N/A