

**WWGPI Step 2 Draft Proposal**

The Step 2 Draft Proposal released on September 26 highlighted detailed, technical questions for continued feedback. This comment template focuses on foundational areas, as not all stakeholders may have feedback on those narrower areas. Stakeholders are invited to provide additional feedback on the more technical questions in each chapter of the Draft Proposal in question 8.

1. **Support for Step 2 Draft Proposal:** Please indicate your level of support for the Step 2 Draft Proposal. Please provide general reactions, an indication of the benefits of the structural elements that are being proposed, and if you think that the Draft Proposal is on the right track.
  - LADWP welcomes the opportunity to provide comments on the Pathways Initiative. LADWP is appreciative of the Step 2 proposal, in particular the recommendation that the RO launch in the form of Option 2.0.
  - We also appreciate the Launch Committee recognizing that alternatives may exist that are better than Option 2.5. LADWP welcomes the Launch Committee stating that there is a need to “perform a deeper feasibility analysis, with stakeholder input, to assess the costs, benefits, possible expanded market functions, implementation details of how to achieve the additional corporate independence and responsibility, and to determine whether a departure from Option 2.5 is warranted”. In other words, is Option 2.5 as currently proposed the correct next step?
2. **Stepwise approach:** The Draft Proposal would continue the stepwise approach for Step 2, beginning with Option 2.0, followed by the RO commencing a feasibility study within 9 months of its formation. Depending on the results of the study, the RO would assume further responsibility in the form of Option 2.5 or a similar structure. This stepwise approach is motivated by a desire to continue early momentum towards regional governance by standing up the RO in the near term, while recognizing the time required to create the infrastructure and financial reserves to enable Option 2.5, and the need to better understand the costs, benefits and structural specifics of Option 2.5. The RO would then have the ultimate authority, with stakeholder input, to make decisions about next steps from and after its formation. Does this stepwise approach create a platform that can achieve the desired level of independence at an appropriate cost to customers?
  - LADWP supports a stepwise approach and supports the RO assuming additional corporate independence over time. LADWP also appreciates the Launch Committee recognizing the need to do a deeper dive on Option 2.5, and the need to consider alternatives to Option 2.5 in arriving at additional corporate independence. LADWP supports continuing early momentum towards regional governance by standing up the RO in the near term but is not convinced Option 2.5 creates the right platform and sufficiently balances the degree of independence with the degree of complexity, financial liability and cost, and would like to see if there are alternatives that achieve a better balance.
3. **Cost:** The Launch Committee has created a high-level preliminary cost estimate for Option 2.0 and 2.5. Please provide feedback on the level of staffing and the costs for both options. Do these estimates seem reasonable, and would stakeholders be willing to shoulder these costs associated with increased independence?
  - LADWP appreciates the Launch Committee providing preliminary cost estimates for both Options. However, there is not enough information to comment on the reasonableness of the incremental cost estimates given the assumptions underpinning the estimates may

materially change as stakeholder discussion evolves. LADWP notes the size of the legal staff relative to the number of market experts in Option 2.5, and this may be appropriate for an RO with institutional liability and a focus on vendor management of a sole sourced contract. However, it would be helpful to compare the size of the proposed legal department to the size of CAISO's legal staff, and pros and cons of having this particular capability fully in-house versus partially outsourced.

4. **Tariff approach:** The Draft Proposal recommended maintaining a single integrated tariff at the outset, and embarking on an effort to organize the tariff into the areas of sole CAISO, sole RO, and where there is overlapping shared authority. This effort would lay the groundwork to eventually to progress to separate tariffs, should that separation be desired by stakeholders. Do you support this approach? If not, please provide an alternative approach and as much explanation as possible on how the alternative would better address stakeholder needs.
  - LADWP supports having a single integrated tariff at the outset and further supports embarking on an effort to organize the tariff into the areas of sole CAISO, sole RO, and where there is overlapping shared authority. LADWP would like more explanation in the Proposal on the tariff provisions the Launch Committee believes would ultimately be in a separate Tariff and what would remain in CAISO's tariff.
5. **Department of Market Monitoring (DMM):** The Draft Proposal recommended a joint reporting structure for DMM and RO shared decision making in DMM upper management hiring. Would this change enable sufficient independence? If you think that the proposed approach does not achieve sufficient independence, please provide an alternative approach that would better address stakeholder needs, including any cost implications.
  - LADWP supports the recommendation.
6. **Sectors:** The Launch Committee is holding a workshop (10/7) focusing on sectors and seats on the Stakeholder Representatives Committee (SRC), and will release a revised sector proposal on 10/14. Please share your thoughts on the revised sector proposal and if this component of the overall stakeholder process would allow for meaningful participation and all stakeholder voices to be heard.
  - LADWP supports expanding the number of SRC seats for the EIM and EDAM sector as outlined in revised sector proposal and LADWP believes it will allow for meaningful participation and all stakeholder voices to be heard. LADWP also supports expanding the number of seats for the non-IOU load serving entities sector and the removal of seat reservations.
7. **Tariff based funding for new public interest protections:** To help safeguard the public interest, the Draft Proposal recommended a new Consumer Advocate Organization and an Office of Public Participation. Both entities are contemplated to have minimal staff (possibly one or two staff members) and modest budgets funded through the tariff. The current BOSR funding structure would remain unchanged and not be funded through the tariff, but may be revisited in the future if stakeholders think reevaluation is appropriate. Do you support tariff-based funding for these enhanced public interest protections? Please share as much detail as possible in your reasoning to help the Launch Committee understand the drivers for stakeholders on this topic.
  - LADWP has no comments at this time.

8. **Chapter specific feedback:** In addition to the questions above, we are seeking feedback on the entire Step 2 Draft Proposal. Please use this space to provide general feedback by chapter, as well as feedback on the embedded technical questions by chapter.

**Step 2 Draft Proposal Chapter Headings**

- Chapter 1: RO Scope and Function
- Chapter 2: Formation of the RO
- Chapter 3: RO Governance
- Chapter 4: Public Interest
- Chapter 5: Stakeholder Engagement
- Chapter 6: Pathways to Additional Services
  - LADWP does not support shifting any BA responsibilities to others, rather LADWP believes it is important to maintain its own BA responsibilities and oversight. That said, LADWP believes that investigating additional RO services has merit, such as enabling co-optimization of ancillary services, exploring the enablement of CRRs between BAAs, and the transition to flow-based methodology by other WECC entities (to be coordinated between BAAs) if it preserves LADWP's autonomy and independence, aligns with its corporate values and there is a clear value case that benefits LADWP's customers.

Written comments are due on October 25, 2024. Please submit comments via email to [Comments@WestWidePathwaysInitiative.org](mailto:Comments@WestWidePathwaysInitiative.org). Thank you in advance for your time and feedback. We look forward to receiving your comments and ideas