

Stakeholder Comment Template: Stakeholder Process

**Comments on behalf of the Cities of Anaheim, Azusa,
Banning, Colton, Pasadena, and Riverside, California (Six Cities)**

Workshop #2 Topic: How could issues and solutions before the Regional Organization get raised? Who leads?

1. Policy topic selection: who selects among a list of competing priorities for stakeholder attention?

The Six Cities support retention of a stakeholder initiative prioritization process that builds and improves on the processes that are currently used by the CAISO for identification and prioritization of initiative topics, but provides enhanced opportunities for stakeholder input and oversight and increases the accountability of the Regional Organization staff for responding to requests for advancement of initiatives by stakeholders. Specifically with respect to identification and prioritization of initiative topics, the Six Cities support broad opportunities for input across the spectrum of interested parties, including stakeholders, the Regional Organization management and staff, and the Body of State Regulators (“BOSR”) (or its successor). In terms of prioritization of initiatives, the Six Cities encourage consideration of additional opportunities for stakeholders to assist in prioritization through the Regional Issues Forum (“RIF”) or a successor entity, potentially through expansion of the existing Roundtable process and increased coordination with the RIF through the roadmap development process. The Six Cities also support consideration of how to prioritize discretionary initiatives versus mandatory initiatives that are necessary to address regulatory or reliability directives and encourage development of guidelines or procedures for efficiently stakeholdering topics that may be time sensitive or require an expedited process.

2. Originating policy framing: who first presents a problem statement and solution range?

In the Six Cities’ view, there is value in retaining a role for the Regional Organization staff and the CAISO staff to develop and propose problem statements solutions for stakeholders to consider, especially for initiatives that are highly technical or specialized in nature, or where there is a high likelihood of unintended consequences impacting elements of the market that may be outside the scope of the specific topic that an initiative is designed to address. The Regional Organization staff and CAISO staff will be uniquely situated with respect to knowledge of the markets and interrelationships between different elements of the market. At the same time, the stakeholder process should not preclude stakeholders from proposing problem statements and solutions for consideration by the broader stakeholder community. The current CAISO working group process, which typically covers issue scoping and preparation of problem statements, can continue to be used as a forum in which stakeholders may weigh in on problem statements proposed by the Regional Organization staff and CAISO staff and other stakeholders. Likewise, during the policy development phase, the Six Cities’ experience is that the CAISO staff can be effective in offering solutions for stakeholders to consider, but the policy development phase should also not preclude consideration of alternatives offered by

stakeholders. A robust comment process, consistent with existing comment opportunities, will allow for stakeholders to provide input on solutions that are proposed by the Regional Organization staff, CAISO staff, or stakeholders.

3. Stakeholder-led workshops: who has responsibility for facilitating discussion and moving an agenda forward?

The Six Cities support retention of strong roles for the Regional Organization staff in managing a stakeholder initiative from the working group through completion of the policy development phase. In many instances, it is not efficient or practical for individual stakeholders to conduct the management of an initiative process. At the same time, if there is a stakeholder or a group of stakeholders (or potentially the RIF or RIF successor) that would like the opportunity within an initiative to manage a stakeholder meeting for the purpose of facilitating discussion and advancing consideration of a particular topic, then the initiative should accommodate those opportunities, which may not be necessary or requested within every stakeholder process.

4. Selectivity of bottoms-up stakeholdering: how often and (possibly) through what nomination process are topics subject to a stakeholder-driven process?

The Six Cities do not necessarily support implementation of bottoms up stakeholdering or a completely stakeholder-driven process, for the reasons discussed elsewhere in these comments. Instead, there is value in retaining elements of the currently applicable process for issue identification, prioritization, and eventual stakeholdering through a process that is organized and conducted by Regional Organization staff, but that provides wide and flexible opportunities for stakeholder input into the scoping, development of problem statements, and identification of solutions.

Workshop #3 Topic: What could a sector-based committee and voting structure add?

5. Sector definitions: Should sectors be established? If so, how should they be defined?
 - a. Should they be weighted for voting purposes? If so, how?
 - b. What could be the value of sector designations outside of voting?

The Six Cities do not support voting by sectors, and do not support development of weighting systems for voting.

Sectors have value for organizing stakeholders into subgroups of participants that reflect some baseline level of general alignment through their primary means of interacting with the markets. If properly developed, there can be areas of common interest among stakeholders within a sector, even if there is not agreement within a sector on every issue. Sector organization can, but does not always, encourage dialogue and compromise among sector participants.

At the same time, the importance of sectors to a stakeholder process that affords meaningful opportunities for individual stakeholder input should not be overstated. In the Six Cities' experience, their participation within the Participating Transmission Owner sector may sometimes be less important than their alignment with other load-serving entities in California, or their coordination with other publicly-owned utilities in the West that may not be PTOs. Prescriptive, sector-based participation might have the effect of dampening more organic opportunities for alignment and coordination among stakeholders across sectors.

6. Voting: Should stakeholder engagement include voting? If so,

- a. What kind of issues are selected to be voted on?
- b. At what points in the process should voting be scheduled?
- c. Should voting be indicative or binding?

The Six Cities support informational or indicative voting as one element of the Regional Organization stakeholder process, but take no firm position on the stages of a stakeholder initiative when voting should take place. Voting would appear to be most informative at an initiative's end stage, when the proposal is ready for consideration by the Regional Organization governing authority. The Six Cities do not support binding voting.

As noted above in their comments in response to question no. 5, the Six Cities do not support sector-level voting. Instead, the Six Cities support voting at the individual entity level, with the ability to aggregate results at the sector level for informational purposes. Because other metrics of support or opposition to a policy outcome could be informative, the Six Cities also support the ability to reflect voting results in tabulations other than at the sector level, too. For example, it may be instructive if a certain percentage of load serving entities supports or opposes an initiative outcome, or if entities in California or another region of the market footprint support or oppose an outcome, or if public power supports or opposes an outcome. The ability to identify meaningful sub-groups among the stakeholder community across sectors and to reflect their positions on topics will enable consideration of a broad range of perspectives on an initiative in a way that simply showing sector results might not allow.

7. Standing and ad hoc committee status: what sort of forums or committees do sectors use to organize themselves?

As noted, the Six Cities support continuation of a role for the RIF or a RIF successor to aid in the organization and coordination of stakeholders with common or shared interests, but prefer a stakeholder participation model that relies primarily on individual entity participation, as is the case within the CAISO now. Sectors are also useful in the nomination process for governing authority board members.

In terms of standing and/or ad hoc committees, a RIF or RIF successor may be well-positioned to identify the need for ad hoc committees to provide input into and help shape prioritization outcomes in the policy initiative roadmap process (assuming that a similar roadmap process is

retained). There may also be value in some initiatives for formation of an ad hoc committee of stakeholders to assist Regional Organization staff in weighing stakeholder input and in shaping the direction of solutions. The Six Cities are not categorically opposed to other committees, but have not identified a need for additional committees at this time.

General feedback:

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

The Six Cities have no additional comments at this time.

Submitted by:

Bonnie S. Blair, bblair@thompsoncoburn.com

Margaret E. McNaul, mmcnaul@thompsoncoburn.com

Thompson Coburn LLP

Counsel for the Six Cities