



## **West-Wide Governance Pathways Initiative**

### **Changes made to final Step 2 Proposal**

Below is an overview of the high-level changes made from the draft Step 2 Proposal issued on September 27, 2024, that have been incorporated into the final Step 2 Proposal.

#### **General**

- Incorporated stakeholder feedback from written comments throughout the body of the document
- Clarified CAISO is not a market participant as it has no assets in the market, does not engage in market transactions, and does not have any financial interest in market outcomes
- Clarified that most references made to “RO staff” in the Draft Proposal have been changed to “staff.” Staff working on the stakeholder process will be at both the RO and the Market Operator (MO). The Launch Committee anticipates that the RO and MO will work very closely on the stakeholder process in particular, especially given the MO staff’s extensive and critical subject matter expertise on the policies and procedures. Because staffing has not yet been determined, the general term staff is more reflective of where we are in the process. The Formation Committee will work with the MO to determine staffing roles and responsibilities and which entity they would best sit at.
- Emphasized that implementing the Proposal will require a culture shift from stakeholders

#### **Chapter 1: RO Scope and Function**

- Removed areas that were dependent on stakeholder feedback
- Added specification around feasibility analysis
- Clarified corporate protection language
- Updated financial liability section: evaluation of the needed contingency reserves for Option 2.0 and RO budget will be recovered through the tariff which CAISO will collect and remit to the RO
- Clarified RO input in CAISO management hires
- Added language around CAISO exploring ways for increased separation between its balancing authority and market operator functions
- Moved Decisional Classification language to Stakeholder Process (Chapter 5)
- Added a recommendation that the Formation Committee work with the CAISO to explore ways to provide more clarity in the tariff that can be proposed to the RO Board once it is seated

#### **Chapter 2: Formation of the RO**

- No substantive changes

#### **Chapter 3: RO Governance**

- Added additional description of Formation Committee role and emphasized there will be opportunities for stakeholder engagement, feedback, and input as the Formation Committee performs their work through 2026.
  - Added sectors to Nominating Committee membership
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- Added public interest language to list of RO Board candidate qualifications
- Emphasized the need in evaluating candidates for the initial RO Board, to retain sufficient members of the current WEM Governing Body to ensure an adequate level of knowledge transfer to the new RO Board during the initial transition
- Added Public Policy Committee (PPC) clarifications emphasizing the role being purely data gathering with outreach performed at the beginning of an initiative and again before the initiative goes to the Board for approval
- Added progress and status reporting
- Added long-term funding

### **Chapter 4: Public Interest**

- Moved BOSR funding under the tariff with the caveat that POU's/non-jurisdictional entities will not be subject to these costs
- Added clarifications around Order 719 compliance, justification for DMM recommendations, and more informational background on DMM
- Clarified that state commissions and consumer advocates will have access to at least the same amount of data and analysis as the California agencies and the California Public Advocates Office receive today. There should be no restrictions on the provision of information other than those imposed by FERC requirements
- Expanded Market Expert role to include evaluation that the market is operating consistently with public interest principles and the protection of retail consumers

### **Chapter 5: Stakeholder Engagement**

- Clarified role of SRC and added language about public, open meeting requirements
  - Added SRC Chair and Vice-Chair roles
  - Revised sector seats (additional seats for WEIM, EDAM, Consumer Advocate, PIO, and Large C&I Customer sectors)
  - Clarified that all sectors must have an “active interest” within the WEIM and/or EDAM footprint for participation
  - Changed “Transmission Dependent Utilities” to “Non-IOU load serving entities serving load from WEIM or EDAM”
  - Clarified role of entities participating through a formal organization (e.g.: BANC and its members)
  - Clarified role of trade association participation
  - Added in category for “other load serving non-market participants” to be included in voting data. Clarified ways non-market participants can participate in the stakeholder process
  - Added language about CAISO participation acting in the BAA Operator role as a stakeholder
  - Added re-evaluation of sectors, SRC structure, voting, and overall stakeholder process at 1. implementation and 2. two years after market operations. Included suggested list of areas/topics for re-evaluation.
  - Clarified State and Local Policy Initiatives process, Public Policy Committee role, and “adverse effects”
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- Added Decisional Classification to Stakeholder Process and legal review of proposed classification determination
- Determined that developing a remand process to ensure voting has a meaningful impact on the decision-making process would benefit from additional stakeholder input. The Formation Committee will work with the Stakeholder Process Work Group and stakeholders to develop the remand process when “significant opposition” exists
- Added staffing section with suggested roles and responsibilities
- Added “open meetings standards” language
- Added language that the RO and CAISO staff will closely collaborate during prioritization throughout the Catalog and Roadmap process so both entities can understand each other’s bandwidth to get a realistic idea of what is feasible.
- Added additional areas for data tabulation

### **Chapter 6: Pathways to Additional Services**

- Refined content to better reflect options presented

### **Next Steps**

- Removed timeline and added in Formation Committee and tasks, legislation, and continued stakeholder engagement opportunities

### **Appendix**

- Removed stakeholder comment summary from workshops
  - Added Credit Worthiness Impacts Memo
  - Added Formation Committee Charter
  - Updated Selection Procedure for Regional Organization Board of Directors
  - Added additional language to Stakeholder Registration and Participation Agreement
  - Added Feasibility Analysis and areas of evaluation
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