



West-Wide Governance Pathways Initiative

Mr. Elliot Mainzer
California ISO President and Chief Executive Officer

Dear President Mainzer,

The Launch Committee of the West-Wide Governance Pathways Initiative would like to thank the California Independent System Operator (CAISO) for answering its request¹ to facilitate a stakeholder process that would support the development of a debt-financed funding mechanism to pay for the start-up costs of the Regional Organization for Western Energy (ROWE).

In the letter, the Launch Committee stated that while we have received generous support from stakeholders and philanthropic organizations, additional funding is needed for the ROWE's start-up costs. On behalf of the Launch Committee, the Formation Committee has begun exploring debt financing options that would necessitate a way to guarantee repayment of the loan.

In the Issue Paper and Straw Proposal released by the CAISO on February 3, the CAISO proposes that the ROWE enter into a line of credit shortly after the initial independent Board is seated this year. The ROWE would then be responsible for making payments on the loan, with the CAISO serving as guarantor. The loan terms would establish the collection and repayment schedule for the loan with full repayment expected in 2028, which is when we expect the ROWE to have successfully assumed governance of the markets. The Issue Paper and Straw Proposal also details repayment structure that resembles the existing Grid Management Charge. The Launch Committee believes these components create a durable financing structure that is of minimal cost to market participants and give the ROWE the strongest opportunity for success.

The Launch Committee is highly supportive of this proposal and CAISO's consideration of guaranteeing the ROWE's proposed line of credit to fund start-up costs. These costs are essential to enable full implementation of the Step 2 Proposal and to build key structural components of the ROWE to ensure its success and independent governance structure.

We look forward to stakeholder feedback and continued partnership with the CAISO.

Sincerely,

The Pathways Launch Committee

¹ West-wide Governance Pathways Initiative, "Debt Financing Proposal Request," February 3, 2026.