

## Regional Organization for Western Energy

EIN: \_\_\_\_\_

### Supplemental Responses to Form 1023

**Part IV, Line 1. Describe completely and in detail your past, present, and planned activities. Do not refer to or repeat the purposes in your organizing document. For each past, present, or planned activity, include information that answers the following questions:**

- (a) What is the activity?
- (b) Who conducts the activity?
- (c) Where is the activity conducted?
- (d) What percentage of your total time is allocated to the activity?
- (e) How is the activity funded (for example, donations, fees, etc.) and what percentage of your overall expenses is allocated to this activity?
- (f) How does the activity further your exempt purposes?

#### **Background:**

The Regional Organization for Western Energy, Inc. (“ROWE”) is organized and shall be operated exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The ROWE will provide independent governance over certain electricity markets within the western United States and any other services requested by various stakeholders beginning in 2028. The following background is intended to describe the overall purposes and role of ROWE against the broader backdrop of regulated energy markets.

The Western Electric Coordinating Council (“WECC”) is a Federal Energy Regulatory Commission (“FERC”)-regulated nonprofit organization dedicated to promoting the reliability and security of the wholesale power system across 14 western U.S. states, two Canadian provinces, and parts of northern Mexico. WECC’s primary functions include developing and enforcing reliability standards and coordinating the many utilities, transmission operators, and other stakeholders that operate electricity grids within the WECC footprint. WECC is tasked with monitoring compliance and enforcing reliability standards within its region. Through these efforts, WECC plays a critical role in maintaining a resilient, secure, and efficient power grid for electricity consumers in the western United States and neighboring regions.

California Independent System Operator (“CAISO”) is a California public benefit corporation that is recognized as an exempt organization under Section 501(c)(3) of the Code. CAISO is responsible for overseeing the bulk transmission system and administering wholesale electricity markets within California and across the West. CAISO’s core functions include balancing electricity supply and demand in real time, managing transmission congestion and planning, and operating competitive day-ahead (i.e., forward looking) and real-time (i.e., short term or “spot” trade) electric energy markets. CAISO, as the largest liquid power market in the WECC, has played a central role in

developing market rules to ensure that electricity customers within its footprint have access to reliable and affordable electricity. FERC regulates CAISO's market operations and tariff structures to ensure "just and reasonable" rates for wholesale electricity. The market matches customer demand for electricity (represented by investor-owned utilities (e.g., Pacific Gas and Electric Company), publicly owned utilities, and community choice aggregators) with electricity supply made available by generators and power marketers.

Having access to competitive wholesale power markets helps reduce the costs of procuring power for consumers. CAISO has operated for many years the wholesale day-ahead power market within California that allows buyers and sellers to trade electricity in an orderly, forward-looking process. Starting in 2014, CAISO launched the Energy Imbalance Market ("EIM"), a voluntary real-time market that enabled entities outside of California to buy and sell electricity across a broader portion of the WECC. The EIM has allowed utilities and other market participants to balance supply and demand more efficiently in real-time, leading to significant cost savings for energy customers throughout the WECC.

Historically, extending the EIM's regional approach to the day-ahead electricity market created challenges. On one hand, many potential day-ahead market participants in WECC have resisted the idea of joining the CAISO markets because of its oversight and control by the state of California. They sought governance independent of a single state. Further, until recently, CAISO's governance structure and regulatory barriers limited its ability to participate in a fully independent day-ahead market outside of California. California's Assembly Bill 825 ("AB 825"), enacted in September 2025, removed several longstanding regulatory barriers. AB 825 authorized CAISO and transmission owners operating within CAISO to join or help establish a regional day-ahead market, setting forth a process for evaluating and approving regional market governance proposals to ensure transparency and accountability.

ROWE has been formed to establish governance for a stand-alone competitive electricity market in the WECC such that both California and non-California market participants can realize greater efficiencies and cost savings from a larger, regional day-ahead market, and can take advantage of a variety of services described further below. ROWE's governance furthers the objectives of AB 825 by ensuring the independent and transparent governance of regional electricity markets serving California and the broader WECC. Its stakeholder process supports state policy autonomy and implements a public-benefit framework to attract a wide range of market participants to reduce costs for electricity customers.

ROWE will administer both the day-ahead market and the EIM under an operating or services agreement with CAISO. ROWE's scope of services will expand over time to include other voluntary services or programs requested by regional stakeholders, with the goal to build on the savings the public has already realized through the EIM. ROWE will also provide procedural resources to public and private entities seeking to advance reliable and affordable energy systems consistent with state objectives. ROWE's vision is a WECC-wide electricity system that operates with integrity, transparency, and independence, facilitating collaboration among states, utilities, consumers, and stakeholders to promote efficient markets that lower energy costs.

ROWE serves as an independent entity meant to lessen the burdens of the federal and state governments by (i) administering and ensuring the efficient use and reliable operation of, the bulk power system across a broad portion of the WECC; (ii) overseeing and providing open access to regional day-ahead and real-time electricity markets to support affordable electric service and; (iii) providing an independent governance structure to ensure that diverse state and stakeholder perspectives are heard and resolved efficiently.

ROWE's governance will support state policy autonomy and provide a public-benefit framework for the efficient, reliable, and affordable operation of energy markets. Its activities will support the development of open processes and provide policy, analytical, and procedural resources to public and private entities seeking to advance reliable and affordable energy systems consistent with federal and state objectives. As described in more detail below, ROWE's bylaws and other policies will set forth a framework to support meaningful governmental participation and involvement.

The following provides a more detailed description of ROWE's activities.

## **1. Organizational Structure**

ROWE's governance framework, as detailed in its Bylaws, establishes an independent Board of Directors composed of members appointed through a transparent and merit-based process. The Board includes directors with expertise in electric markets, governance, consumer advocacy, and regulatory policy. The Board oversees committees focused on audit, stakeholder engagement, and market oversight. The organization's governance processes ensure insulation from market participant influence and maintain alignment with the public interest.

ROWE is designed to operate as an independent regional governance organization supporting the coordinated, efficient, and reliable operation of a western wholesale electricity market. Its mission includes, but extends beyond, the governance over the regional day-ahead market and EIM to include the promotion of broad regional collaboration, transparent and inclusive policymaking, and public-interest oversight. The organization's authority is grounded in voluntary participation, FERC-approved structures, and a contractual relationship with experienced market entities such as the CAISO.

The organization will employ an Executive Director, legal and technical staff, and administrative personnel. Consultants and external advisors will be engaged as needed to provide subject-matter expertise in market design, regulatory compliance, and stakeholder facilitation. Operational functions include financial management, human resources, communications, and IT systems to support transparent governance.

The ROWE will conduct its business operations across the western United States.

## **2. Programs, Activities, and Services**

ROWE's charitable and educational activities focus on regional electricity market governance, public-interest policy development, transparency, and stakeholder engagement. Its primary programs will be as follows:

- **Governance of Western Energy Markets:** ROWE will oversee independent market governance functions for a western day-ahead market and real-time market, ensuring market design and operation align with the public interest and state policy autonomy. ROWE will oversee the development of other market services as requested by stakeholders through the processes and policies adopted by the Stakeholder Representatives Committee.
- **Market Oversight and Policy Development:** ROWE will develop and administer transparent procedures for reviewing and developing market rules, tariffs, and governance proposals. It will provide open access to policy development processes and ensure participation opportunities for all stakeholders.
- **Stakeholder Process and Public Engagement:** ROWE will manage a Stakeholder Representatives Committee and related functions that facilitate input from states, utilities, consumers, and the public. This process includes open meetings, public comment opportunities, and educational workshops designed to increase understanding of market operations and governance decisions.
- **Capacity Building and Collaboration:** ROWE will maintain an Office of Public Participation and facilitate briefings and conduct collaborative outreach for state regulators, consumer advocates, and other stakeholders to strengthen public-sector capacity in energy governance and oversight.

The Board will adopt various policies, including open meetings, open records, records retention, and other policies. The Bylaws specifically note that the Board shall provide an opportunity for members of the public to comment on matters being considered by the Board.

Each of these programmatic activities advances ROWE's charitable purpose by promoting education, transparency, and informed policymaking. No program is designed to generate profits, and all surplus funds are reinvested into public-benefit initiatives and organizational sustainability.

### **3. Target Beneficiaries and Stakeholders**

ROWE's beneficiaries will include the electricity consumers, state policymakers, public-interest organizations, and electricity utilities throughout the western United States. By ensuring fair and independent governance of energy markets and services, ROWE benefits all individuals and communities that rely on affordable and reliable electricity.

Stakeholders engaged through ROWE's processes include public utility commissions, utilities, tribal governments, independent power producers and other market participants, consumer advocates, public interest organizations, state energy offices, and other interested entities. ROWE provides open forums and educational resources that empower these groups to participate effectively in energy governance. To accomplish this engagement, several structures will be developed and supported by ROWE:

- A Nominating Committee consisting of representatives from stakeholder sectors, a representative from the Body of State Regulators (as defined in the Bylaws) and a representative from the ROWE Board responsible for identifying, vetting, and recommending independent ROWE Board members. The Body of State Regulators will

include representatives from each of the participating states that will participate in ROWE's processing for policymaking and tariff modifications.

- A Stakeholder Representatives Committee ("SRC"), which will serve as the primary body responsible for developing policy proposals and coordinating stakeholder input. The SRC, structured to include a broad spectrum of stakeholders, will work closely with staff to catalog and prioritize the regional market initiatives, define problem statements, and develop solutions. By incorporating sector-based representation, the SRC will ensure that a balanced range of perspectives is considered, promoting collaboration and consensus among diverse views through sector-specific discussions.
- A Public Policy Committee ("PPC") of the ROWE Board will be created and tasked with conducting outreach at key points in the stakeholder process to states, local power authorities, and federal power marketing administrations to collect input about the potential for adverse impacts on a state, local, or federal policy by an initiative. More specifically, the Bylaws provide that this committee shall engage with the various participating states, local power authorities, federal power marketing administrations, the consumer advocate organization and other stakeholders.
- The ROWE will develop an Office of Public Participation to provide information and education to members of the public about issues and initiatives of ROWE, including facilitating engagement in those processes.
- A Body of State Regulators will provide a forum for input by state utility regulators. This body will also receive funding to support its public interest engagement in the development of ROWE market rules and governance. As noted in the Bylaws, ROWE shall recognize and provide funding for this Body to participate in the nomination of directors and to maintain a process for the Board to receive and respond to information as recommended by this Body.
- An independent nonprofit Consumer Advocate Organization will be created to facilitate engagement by each consumer advocate office authorized by state law in which the markets are operating in the ROWE's stakeholder processes and other ROWE engagement opportunities. Tariff-based funding will be included to facilitate their participation. Participation by the Consumer Advocate Organization will be governed by the ROWE's Bylaws, policies adopted by the ROWE Board, and the CAO's own internal governance policies.

#### **4. Strategy, Implementation, and Milestones**

ROWE's implementation strategy includes initial activities to establish core governance, SRC formation, adoption of operational policies, negotiating necessary contractual relationships, and preparing for the eventual FERC tariff filing.

Over the first two years, ROWE will focus on (1) organizational establishment and staffing; (2) developing market oversight and governance frameworks; (3) implementing stakeholder engagement processes; and (4) delivering annual reports and ongoing progress updates to the public. In its third year, ROWE plans to launch direct operations and to its assumption of governance authority for regional market operations and the expansion of functions and services as decided upon by participants.

ROWE anticipates that the Initial Board will be appointed in the third quarter of 2026 and replace members of the Formation Board (each as defined in the Bylaws). ROWE further anticipates that initial staff will not be hired until the fourth quarter of 2026.

## 5. Financial Plan and Sustainability

ROWE's funding model relies on a combination of grants, philanthropic contributions, debt financing and, ultimately, cost recovery through participant assessments approved by the Board and FERC. ROWE also expects to receive revenue in 2028 from public tariffs filed with FERC detailing the rates, terms, and conditions for the services ROWE provides. All revenues will be used to further the organization's charitable and educational purposes. The proceeds of debt financing have been included as other revenues on line 7 of Part VI of Form 1023.

## 7. Risk Management and Oversight

ROWE recognizes risks related to funding continuity, stakeholder alignment, and regulatory changes. To mitigate these risks, ROWE will maintain strong governance controls, transparent financial practices, and open stakeholder engagement. The Board will oversee internal controls, audits, and compliance with federal and state laws. The Board will also evaluate the timing and process for creating a reserve fund for the future.

## 8. Reporting and Impact Measurement

ROWE evaluates its success based on qualitative and quantitative performance indicators, including stakeholder participation and financial benefits accrued through efficiencies gained by markets and services governed by ROWE. Annual reports summarizing activities, finances, and outcomes will be published on the organization's website and distributed to regulators, market participants, and the public. The Board will conduct public meetings and deliberations where public input will also be taken.

**Part IV, Line 7. Do you or will you publish, own, or have rights in music, literature, tapes, artworks, choreography, scientific discoveries, or other intellectual property? If "Yes," describe who owns or will own any copyrights, patents, or trademarks, whether fees are or will be charged, how the fees are determined, and how any items are or will be produced, distributed, and marketed.**

ROWE intends to trademark its brand and name but does not intend to charge any fees or license its brand or name to any third parties.

**Part IV, Line 9. Do you or will you make grants, loans, or other distributions to organizations? If "Yes," describe the type and purpose of the grants, loans, or distributions, how you select your recipients including submission requirements (such as grant proposals or application forms), and the criteria you use or will use to select recipients. Also describe how you ensure the grants, loans, and other distributions are or will be used for their intended purposes (including whether you require periodic or final reports on the use of funds and any procedures you have if you identify that funds are not being used for their**

**intended purposes). Finally, describe the records you keep with respect to grants, loans, or other distributions you make and identify any recipient organizations and any relationships between you and the recipients. If “No,” continue to Line 10.**

From its operating revenues, ROWE will fund the independent Consumer Advocate Organization, a 501(c)(3) organization, that will facilitate engagement with its consumer advocate stakeholders. The ROWE will also contribute to funding of the Body of State Regulators (“BOSR”) to facilitate its engagement and input into the ROWE governance activities pursuant to tariff-based funding and policies to be adopted by the ROWE Board and the BOSR. ROWE will maintain records of distributions made specifically to these organizations.

**Part V, Line 3. Do you or will you compensate any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors through non-fixed payments, such as discretionary bonuses or revenue-based payments? If “Yes,” describe all non-fixed compensation arrangements, including how the amounts are determined, who is eligible for such arrangements, whether you place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services.**

ROWE may provide discretionary bonuses. The terms and conditions of such bonus arrangements have yet to be determined.

**Part V, Line 7. Does or will someone other than your own employees or volunteers manage your activities or facilities? If “Yes,” describe the activities or facilities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and any business or family relationship between the organization and your officers, directors, or trustees. Explain how these managers were or will be selected, how the terms of any contracts or other agreements were or will be negotiated, and how you determine you will pay no more than fair market value for services.**

ROWE and CAISO will enter into an operating or services agreement to provide various services between ROWE and CAISO.

**Part VI, Line 25. Itemized financial data**

**Line 23. Any expense not otherwise classified, such as program services (provide an itemized list below)**

Part VI Financial Data						
Line #	01/01/2026-12/31/2026		01/01/2027-12/31/2027		01/01/2028-12/31/2028	
	<i>Income</i>					
1	Stakeholder donations	\$ 1,000,000.00	Stakeholder donations	\$ -	Stakeholder donations	\$ -
1	Foundation grants	\$ 600,000.00	Foundation grants	\$ -	Foundation grants	\$ -
7	Loan	\$ 713,000.00	Loan	\$ 4,755,000.00	Loan	\$ -
9	Tariff Revenues	\$ -	Tariff Revenues	\$ -	Tariff Revenues	\$ 9,135,000.00
13	<b>Total</b>	<b>\$ 2,313,000.00</b>	<b>Total</b>	<b>\$ 4,755,000.00</b>	<b>Total</b>	<b>\$ 9,135,000.00</b>
	<i>Expenditures</i>					
15	BOSR Distribution	\$ -	BOSR Distribution	\$ -	BOSR Distribution	\$ 700,000.00
15	CAO Distribution	\$ -	CAO Distribution	\$ -	CAO Distribution	\$ 500,000.00
17	ROWE Board Compensation	\$ 250,000.00	ROWE Board Compensation	\$ 500,000.00	ROWE Board Compensation	\$ 700,000.00
18	Staff Costs	\$ 204,000.00	Staff Costs	\$ 2,009,166.00	Staff Costs	\$ 3,755,000.00
20	General & Admin	\$ 202,000.00	General & Admin	\$ 337,500.00	General & Admin	\$ 295,000.00
22	Legal & Professional Services	\$ 1,271,400.00	Legal & Professional Services	\$ 1,115,700.00	Legal & Professional Services	\$ 1,662,000.00
23	Other Administrative & Professional Costs	\$ 385,480.00	Other Administrative & Professional Costs	\$ 792,473.20	Other Administrative & Professional Costs	\$ 1,522,400.00
24	<b>Total</b>	<b>\$ 2,312,880.00</b>	<b>Total</b>	<b>\$ 4,754,839.20</b>	<b>Total</b>	<b>\$ 9,134,400.00</b>