



West-Wide Governance Pathways Initiative

Stakeholder Comment Template: Stakeholder Process

The Launch Committee has identified several specific areas that would be valuable to receive input to help refine this area of the Step 2 Proposal. All feedback is welcome, but responses to the following questions would be particularly helpful:

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 process for the RO should be modeled after the existing CAISO Policy Initiatives Roadmap process.

The RO should lead an annual process where each stakeholder submits and ranks a list of key issues, along with a developed problem statement for each submitted issue. The issues from each stakeholder would be consolidated by the RO (market operator), and while the market operator would have discretion regarding what issues move into an initiative phase, it should prioritize items raised by a significant number of stakeholders. Allowing individual stakeholders to submit key issues is preferable to sector submissions to help ensure that stakeholders are appropriately represented. For example, there is significant diversity of priorities amongst LSEs *within* CAISO's footprint; it can be expected that LSEs in different regions will have different priorities. Therefore, including a submission from the "LSE Sector" (or other sectors) may not represent the diverse interests that exist within that sector. It is extremely important for all stakeholders to have a voice, given the diverse makeup of the West.

While this process will increase the volume of submissions, each entity that submits issues for consideration should be categorized by region and sector(s). This will allow the RO to then sort issues and understand priorities of each sector, a sector in a certain region, a region, or individual stakeholders. This process will promote equity in the issue submission process, prevents the voices of individual stakeholders from getting lost and facilitates informed decision making.

The Roadmap process should be conducted annually and look out one to two years. While stakeholders should have the opportunity to propose issues, the annual issue submission process should be indicative, not binding. The market operator should have the final say on what issues will move forward to the initiative phase given their expertise and understanding of market operations, but should look to prioritize issues that a number of stakeholders rank as high priority issues.

As discussed in the Consumer Interest Working Group meeting on August 15, 2024, the States Committee could be given the opportunity to bring forward issues outside of the annual initiatives stakeholder process described above. This may be appropriate if a state passes a law that results in the need for a tariff change, as described in the Consumer Interest Working Group meeting. However, this process should occur outside of the annual initiatives stakeholder process, and could be reserved for only time-sensitive or high importance issues.

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

The process CAISO follows in this regard is successful, and could be utilized as a starting point for the RO.

As proposed above, each stakeholder would submit a shortlist of key issues, along with developed problem statements. Requiring issue submissions to include a problem statement(s) will provide the RO with a strong foundation to develop problem statements to accompany draft issue papers. The RO should hold workshops, as CAISO does today, to solicit feedback on problem statements from stakeholders, and request written comments on issue papers. The RO would then propose a range of solutions in the form of a Straw Proposal, engage collaboratively with stakeholders to solicit and incorporate input, and issue subsequent draft and final proposals to be adopted.

Additionally, as discussed above, SDG&E is not opposed to the States Committee having the ability to bring forward time-sensitive or high-importance issues outside of the annual stakeholder issue submission process.

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

In stakeholder-led workshops, the stakeholder(s) responsible for the nomination of the topic should be responsible for facilitating discussion and moving an agenda forward, similar to how the CAISO stakeholder-led workshop process works today. If stakeholders are required to submit problem statements with their issue nominations, as discussed in SDG&E's response to Question 1, stakeholders will already have defined the issue and can effectively facilitate discussion about potential solutions.

Ideally, the RO sharing these responsibilities for select topics with stakeholders will provide a balance of responsibilities for both the RO and stakeholders, giving stakeholders a platform to voice their proposals and guide discussions without requiring the RO to facilitate every meeting.

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

SDG&E proposes that bottoms-up stakeholdering be determined during the Roadmap process. When priorities are shortlisted by stakeholders, desired priorities could be flagged as a stakeholder-led process by the submitting stakeholder. This again supports a balance for both RO and stakeholder resources.

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?

SDG&E is not opposed to the idea of sectors being established, subject to clarification from the Launch Committee. Should sectors be established, SDG&E believes it is key to clearly define the sectors. The way the Pathways initiative has currently defined the sectors in the Nominating Committee is unclear, as it makes it seem that entities may fall into, and be able

to participate in, more than one sector at a time. There are many stakeholders who may fit the definition of multiple sectors. For example, SDG&E is an LSE and a transmission owner. Clearly defining where entities may fall and participate would be a necessary step in this process. Additionally, voting from sector-based committees on initiatives should be advisory, not binding, to ensure that the market operator has the latitude necessary to determine which issues should move forward to the initiative phase. The market operator has the technical expertise and institutional knowledge necessary to ultimately determine market priorities, with input from stakeholders.

- a. Should they be weighted for voting purposes? If so, how?

Sectors should not be weighted for voting purposes. The purpose of sectors should be to represent the diverse interests of the stakeholders that make up the sector, and therefore, if the RO utilizes sector voting, it should be in an advisory capacity.

- b. What could be the value of sector designations outside of voting?

Currently, SDG&E is not opposed to sector designations. Sector designations could assist in bringing the right people to the table to engage in discussions, help build consensus among members of a sector, promote collaboration between sectors, and increase the ability to represent a broader group in a more effective way.

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

SDG&E supports advisory voting and/or polling in establishing initiatives.

Polling could also be utilized at certain milestones in the process to determine whether stakeholders believe the initiative is ready to move to the next phase, or similar to today, the RO could request written feedback from stakeholders about whether an issue is ready to move to the policy-making phase. Advisory voting could be utilized at major decision points or critical junctures as a method to inform the RO. Advisory voting should be at the individual entity level, with details on the demographics shared with the RO so it can utilize the data to inform how industries and regions feel about initiatives, to inform the RO's final decisions.

- a. What kind of issues are selected to be voted on?

See above.

- b. At what points in the process should voting be scheduled?

See above.

- c. Should voting be indicative or binding?

See above.

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

Should the RO utilize a sector construct, the organization of sectors or committees will depend on purpose of the committee or sector and what actions they are charged with.

Sectors and committee should be able to confer with each other and decide what is shared publicly, but there should also be opportunities for individual stakeholders to comment publicly on sector decisions, should they disagree with or want to voice support for an initiative.

All committees, including formal ones, can meet in non-public forums to discuss issues and move initiatives forward efficiently. However, if the committees function in a formal, standing committee as the Regional Issues Forum does today for CAISO, there should be opportunities for public comment and transparency about final decisions in meetings.

General feedback:

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

SDG&E appreciates the opportunity to comment on these important issues, and does not have any additional feedback at this time.

Written comments are due on August 16, 2024. Please submit comments via email to Comments@WestWidePathwaysInitiative.org. Thank you in advance for your time and feedback. We look forward to receiving your comments and ideas.