

Pathways Initiative Initial Options Evaluation Framework

Comments of SDG&E

The West Wide Governance Pathway presents a unique opportunity for western entities to work together to establish a Regional Organization (“RO”) that can harness the ingenuity of the players in the west and to drive change that can promote cost savings, spur investment, optimize renewable resources, and enhance grid reliability. SDG&E applauds efforts made to date and believes this foundational work puts the west on a path to the ultimate goal of standing up a new RO. SDG&E supports this effort and appreciates the opportunity to comment on the progress thus far.

The Priority Functions & Scope Working Group (“Working Group”) has done an admirable job of developing “bookends” and describing how intermediate structures that could serve as a new RO would interact with the CAISO board with regards to various existing responsibilities. While SDG&E does not yet have an opinion on the ideal structure, it believes the current options accurately capture the range of potential structures and, at a high-level, identify the key governance issues that still need to be tackled. SDG&E believes the evaluation criteria used to create the options is comprehensive and adequately identifies the key areas of concern as we move forward through the process.

While encouraging progress has been made to date, it is no secret that challenging legal and operational questions remain. SDG&E is keenly interested in the level of legislative action that may, or may not, be needed to act on any specific option. SDG&E believes stakeholders need to understand and weigh the trade-offs between more expedient choices with options that may require more time to initiate but create a more optimal structure. SDG&E continues to support creating a core set of principles which will set a foundation for processes that the RO will initially oversee and, potentially, build upon.

Ultimately, the review and analysis of the structural options will require further examination of the operational impacts for LSEs that are a part of the RO. Those issues have been raised at a high-level, but SDG&E looks forward to the development of more detailed analyses which will be instrumental in determining the viability of the RO.