



WEST-WIDE GOVERNANCE PATHWAY INITIATIVE
California Community Choice Association Comments
RO Formation and Governance

August 8, 2024

California Community Choice Association¹ (CalCCA) appreciates the opportunity to provide input on the Regional Organization (RO) Formation and Governance workshop for the West-Wide Governance Pathways Initiative (Pathways Initiative). CalCCA strongly supports the direction of the Pathways Initiative charted by the Launch Committee and the Working Proposal for RO formation and governance.

Regional Organization Formation Questions:

- 1. Type of Organization: do you support the proposed 501(c)(3) organization of the RO? If there is another organization that you feel would be a stronger fit for the RO, please tell us which organization you prefer and the basis for your opinion.***

CalCCA supports the proposed 501(c)(3) organization of the RO. A public benefit nonprofit best fits the RO's intended purpose and operational structure that it will use while serving multiple states in the West.

- 2. State of Incorporation: Do you support proposed incorporation of the RO in Delaware? If you think there is another state that you feel would be a more compelling option, please tell us which state and the basis for your opinion.***

CalCCA supports the proposed incorporation of the RO in Delaware given its well-developed body of corporate law, ongoing expertise overseeing new corporations and markets, and flexibility in formation and future transactions.

- 3. Principal Place of Business: Do you support co-locating the RO in Folsom with the CAISO as the principal place of business? If there is a different location that you feel would be a stronger fit, please tell us which location and the basis for your opinion.***

CalCCA supports the RO's co-location in Folsom with the CAISO as its principal place of business. Interaction between the CAISO and RO is expected, albeit to varying degrees

¹ California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Ava Community Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance of Southern California, CleanPowerSF, Desert Community Energy, Energy For Palmdale's Independent Choice, Lancaster Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

depending on the RO's ultimate formation. The proposal to have the RO hold board meetings and stakeholder meetings at varying sites across the West is prudent to ensure equal stakeholder access to the RO board and RO staff. While locating the principal place of business in any Western state presents the perception of bias, CalCCA agrees the proposal's actual risk of bias is low especially with rotating meeting locations that provide equitable access to RO staff and board members.

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

CalCCA has no additional feedback at this time.

Regional Organization Governance Questions

1. *The working proposal recommends there should be a collaborative relationship between the existing CAISO Board and the new RO Board. Where there are issues of joint authority for the two boards to consider, there should be joint meetings. Do you agree with the recommendation? If not, please share your thinking and an alternative proposal for how this issue can better be addressed.*

CalCCA agrees there should be a collaborative relationship between the existing CAISO Board and the new RO Board. The Western Energy Markets (WEM) Governing Body (GB) and the CAISO Board have benefitted from opportunities to meet and discuss policy issues between the two bodies before voting on such issues. These discussions have been extremely productive and should be replicated for the RO Board and CAISO Board, especially for policies with different implications on one set of stakeholders versus another. The RO governance model should seek to provide a forum for these discussions.

2. *The working proposal recommends the RO Board should consist of seven members that meet the knowledge and skills requirements outlined in the RO Board selection procedure. Do you agree with the recommendation? If not, please share your thinking and an alternative proposal for how this issue can better be addressed.*

CalCCA agrees with the recommendation. A seven-member board adequately balances the need for diversity of knowledge and expertise while keeping the board size manageable.

3. *The working proposal recommends seats on the RO Board should not be reserved per se. Do you agree with the recommendation? If not, please share your thinking and an alternative proposal for how this issue can better be addressed.*

CalCCA agrees with the working proposal's recommendation for the initial seating of the RO Board. There are benefits to retaining the WEM GB's existing knowledge and to inviting new perspectives, and the proposal gives the nominating committee the flexibility to balance those benefits.

4. *The working proposal recommends the details of the Transition Plan from the WEM GB to the new RO Board should be left to the Formation Committee. Do you agree with*

the recommendation? If not, please share your thinking and an alternative proposal for how this issue can better be addressed.

CalCCA agrees with this recommendation. The formation committee will be best positioned to develop the detailed transition plan from WEM GB to RO Board, given it will have the full Step 2 recommendation available to work from. The ultimate Step 2 recommendation will inform the necessary transition activities.

- 5. The working proposal recommends that, based upon discussions to date, the Launch Committee has taken the position in the Phase 2 work plan that we will not launch the RO before the legislation is signed and the amended tariff is filed at FERC. There are formation efforts (e.g. type of corporation, tariff language development, bylaws development, board selection process) that should be pursued by the Formation Committee in conjunction with the CAISO in advance of these milestones, but mindful of the legislative process. Do you agree with the recommendation? If not, please share your thinking and an alternative proposal for how this issue can better be addressed.***

CalCCA agrees with this recommendation. An informed and supportive legislature will be important to the success of California's participation in Step 2 and may impact the ultimate Step 2 design. FERC's approval of the amended tariff language is critical for continuing to advance Step 2. The Formation Committee and the CAISO may pursue some initial formation efforts in advance of these milestones, but the Committee should take care not to get ahead of the legislative process or get too far into development before FERC has confirmed its approval of its direction.

- 6. The working proposal recommends that startup funding for the RO will likely be required before any market supported funding is available. Due consideration should be given to identifying funding that would not be considered as compromising Board independence. Such sources might include DOE grant funding or ongoing support from the Pathways Initiative 501.c.3 funding via Global Impact. Do you agree with the recommendation? If not, please share your thinking and an alternative proposal for how this issue can better be addressed.***

CalCCA agrees with the recommendation and supports finding funding sources that maintain the RO Board's independence and minimize ratepayer costs.

- 7. The Work Group is developing a draft RO Board selection procedure that started with the current WEM GB selection process. Specific issues for stakeholder input include:***

- Number and definition of nominating committee sectors***
- Board knowledge and skills requirements***
- Use of Formation Committee as approval body for initial board selection***
- Restriction on number of current WEM GB members that can transition to the new RO Board***

Please share your thinking on the proposal and any alternative proposals for how these issues can better be addressed.

CalCCA supports the draft RO Board selection procedures. The working proposal's definition of nominating committee sectors represents the range of stakeholders that will participate in the RO and make necessary delineations among stakeholder groups to ensure each group has a voice in the selection process. Specifically, CalCCA appreciates the inclusion of the “Load-serving Entities that Do Not Own Transmission or Distribution” sector, the sector in which CCAs reside. Different load-serving entities have different perspectives depending on how they are structured. Recognizing these differences when defining nominating committee sectors will be important to ensure all load-serving entities are adequately represented.

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

CalCCA looks forward to the opportunity to continue working with and supporting policymakers and other stakeholders to advance the Step 2 Proposal as the West creates vehicles for capturing the benefits of regional coordination.