

West-Wide Governance Pathways Initiative

Formation Committee update to
WEM Governing Body
September 9, 2025



West-Wide Governance Pathways Initiative

Agenda

- Governing Documents: Bylaws & Certificate of Incorporation
- Board seating policy (Nominating Committee Process)
- Stakeholder processes distinction
- Work plan update



Governance Documents

Overview

Certificate of Incorporation

- ❖ Regional Organization for Western Energy, Inc. (ROWE)
- ❖ Delaware Non-stock Corporation qualifying as public benefit corporation under 501(c)(3)
- ❖ Broad, generic provisions provided by outside counsel not tailored for purpose



Bylaws

- ❖ Specifies broad purpose to accommodate initial market governance and additional future voluntary services
- ❖ Addresses range of public interest measures
- ❖ Points to additional policies (e.g., Open Meetings and Records) and future committees or bodies (e.g., Public Policy Committee of the Board)
- ❖ Aligns with Board Selection Policy



Purpose: Independent Regional Governance Markets & Future Voluntary Services and Functions

The purpose of the Corporation is to provide independent regional governance over certain voluntary energy markets, services, and functions to be operated in the western United States, including, but not limited to the Western Energy Day-Ahead Market and the Western Energy Imbalance Market (collectively “Markets”), which it is authorized to provide from time to time pursuant to the Tariff and other applicable statutes, tariffs, rules, and regulations.



Public Interest (Article IV)

Respecting State Policies and Protecting Consumer Interests

Step 2 Proposal Measures

- Body of State Regulators role and funding
- Stakeholder Representatives Committee role
- New Public Policy Committee of the Board
- Consumer Advocate Organization funding
- Office of Public Participation function
- Expanded role of the Market Monitor
- Aim of reducing overall economic cost to customers in Participating States

Respect for State Authority

The Board shall consistently acknowledge and, where practicable, develop tariff changes, rules, or business practices that respect and accommodate Participating States' achievement of state or local policy objectives, including procurement, resource adequacy, environment, reliability, and other consumer interests. The Board likewise shall minimize any adverse impacts of revisions to its Tariff, rules, and business practices on Participating States' policy objectives.

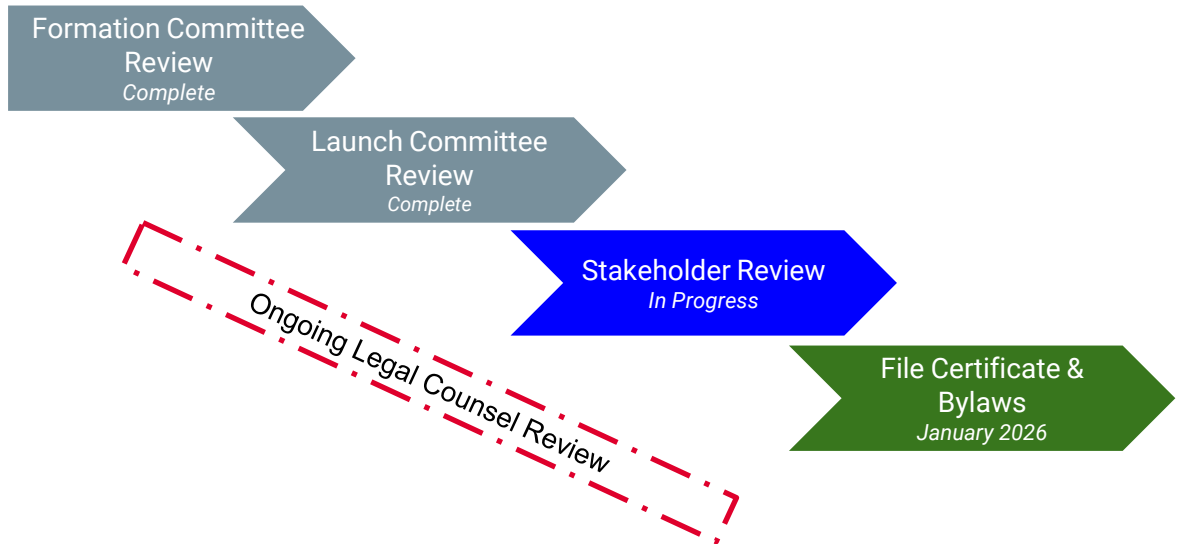


Other Issues



Governance Documents - Status

Assumes Change in California Law



Initial Board Seating Proposal

Timing:

- July 2026 at the earliest, no later than January 2027
- Nominating Committee (NC) process anticipated to begin January 2026

Attributes:

- Initial seating would include five of the seven RO Board members, with remaining two board members to be seated once tariff changes are approved and funding is in place (anticipated Jan 2028).
- If first candidate pool does not yield sufficient qualified candidates for five seats, additional recruitment activities will be undertaken

Duties:

- Primary role of initial RO Board is negotiating with the CAISO to modify the tariff and create a service agreement
- Initial Board would not have any authority over the WEIM/EDAM markets- authority transfers once tariff is approved



Initial Board Seating Proposal

Tenure/Term:

- All five initial members would serve until RO tariff is approved and implemented
- Service during initial period will not be counted against the three-year three-term limit
- Once RO tariff is approved and tariff funding in place, terms of the five members and additional two members would begin and would be staggered as follows:
 - 2-seats: 1-year terms
 - 2-seats: 2-year terms
 - 3-seats: 3-year term
- Concerns over Board Members potentially serving more than 9 years mitigated by responsibility of the NC to ensure Board Members, both new or current members up for re-appointment, possess skill sets to meet the needs of the RO Board at that moment in time
 - Anticipated that the Board Member skill sets needed in the early days of the RO will be different than those needed as the organization matures
- Experience from WEM Governing Body is most Board Members don't reach term limit



Initial Board Seating Proposal

Budget:

- Seating a five-member RO Board in July increases overall budget as opposed to an initial smaller Board or seating Board at a later date
- LC does not want budget to be a limiting factor in the RO Board seating determination
- Prioritizing benefit of a larger, more complete Board in place for negotiating agreements with CAISO

WEM Governing Body (GB) Considerations:

- Practical need to maintain full 5-member WEM GB until RO tariff is approved and implemented
- If WEM GB members are interested in serving on RO Board before the RO tariff is approved and implemented, WEM GB would need to replace those selected
- WEM GB members interested in being considered for RO Board will be evaluated against other interested and qualified candidates
- RO Board selection will be competitive, no seats reserved for WEM GB members



Differentiating the CAISO & Pathways Stakeholder Processes

Launch Committee/RO Board Initiatives	CAISO Initiatives
<ul style="list-style-type: none">● Stakeholding specific to Step 2 RO Implementation and governance	<ul style="list-style-type: none">● EIM/EDAM Policy Initiatives● Associated Tariff changes to implement Step 2● RIF Enhancements

Timeline: now - RO launch (2028)



Phase 1 Pre-Implementation Activities		Feb	Mar.	Apr.	May	June	July	Aug.	Sept	Oct.	Nov.	Dec.	
	Formation Board		initial timeline										
			complete										
	Nominating Committee Process		initial timeline										
			on track										
	Budget Development	initial timeline											
		complete							Phase II fundraising				
	Corporate Documents			initial timeline									
					timeline extended								
	Office of Public Participation (SOW)				initial timeline								
							timeline extended						
	Stakeholder Process Refinement		initial timeline										
			ongoing										

