



October 17, 2024

MEMORANDUM

TO: Market Transformation Advisory Board

FROM: Jim Giordano, CalMTA

SUBJECT: MTAB COI Policy Review and Report

The conflict-of-interest rules for the Market Transformation Advisory Board (MTAB) were defined and approved via the disposition of Advice Letter RI-CalMTA-1-A, which established the MTAB charter and Conflict of Interest rules (contained in Attachment B to the Charter). The conflict-of-interest rules state that CalMTA will review the MTAB COI policy in consultation with the MTAB and provide a report to the CPUC staff within 18 months of the first MTAB meeting. This memo serves as that update.

Summary of the Key Elements of MTAB Policy

The primary mechanisms used to avoid MTAB-related COIs are member eligibility rules, recusal, disclosure, and transparency.

The main eligibility requirement is that MTAB members may not receive, either directly or indirectly, or be in pursuit of funding from CalMTA. Members who do wish to pursue funding may remain active in the MTAB if they recuse themselves from any discussions on the related market transformation idea once it enters Phase II: Program Development. If in Phase III the recused member applied for funding, they would be removed from the MTAB.

COI Management and Oversight

The MTAB Conflict of Interest policy includes clear provisions to manage and oversee conflict of Interest in several ways:

- Member Eligibility
- Recusal Requirements
- Disclosure Requirements
- Public Transparency

For details on COI Management and Oversight, see the [MTAB Charter & Conflict of Interest Rules](#).

Summary of MTAB Input

To gather MTAB input on the MTAB COI policy, the CalMTA team sent MTAB members a survey on October 1, 2024. The survey questions that were asked and the responses received are summarized below.

Question 1: The MTAB COI policy is effective at identifying and mitigating potential conflicts of interest. [5 point scale]. Strongly agree 5, Agree 4, Neutral 3, Disagree 2, Strongly disagree 1.

Question 2: Please explain your answer above.

Question 3: Do you have suggestions on how CalMTA could improve MTAB COI policy. [yes/no] If yes, please elaborate in the space provided.

A summary of input received from MTAB members follows:

1. Agreement on Policy Effectiveness

- Seven of the nine MTAB members expressed “strong agreement” (Cyane Dandridge, Peter Miller, Hayley Goodson, Karina Camacho, Fred Gordon) or “agreement” (Jeff Harris, Randall Higa) with the policy’s ability to address conflicts effectively, noting its clarity and transparency. The policy provides mechanisms to address ambiguities and potential conflicts of interests. One CPUC member chose the neutral option (Ky-An Tran) and one CPUC member abstained from completing the survey (Christie Torok).

2. Explanation on Policy Effectiveness

- Ky-An Tran (Neutral) appreciated the self-reporting of conflicts but felt that there is no way to verify the accuracy of COI disclosures. Ky-An suggested adding a written COI attestation form that members can update as needed.
- Jeff Harris recommended establishing clearer guidelines for disclosing current business interests that could give rise to future conflicts. He highlighted a scenario where an MTAB member could claim no intention to bid on a future project but might change their stance once the initiative is released for RFP. Jeff also acknowledged the challenge CalMTA faces in avoiding undue influence because the knowledgeable individuals needed to advise CalMTA will likely work for firms interested in working on initiatives.
- Randall Higa agreed that the policy covers major areas of potential COI.

3. Specific Suggestions

- Ky-An Tran suggested adding a written COI attestation.
- Jeff Harris recommended clearer disclosure of business interests that might indicate future COIs.
- Hayley Goodson proposed reviewing the policy again when the development of a Market Transformation Initiative (MTI) reaches a point where the COI recusal provisions are more likely to be applied (Phase III: Market Deployment).
- Randall Higa noted that further clarifications could help for his role as an IOU representative given SCE’s extensive involvement in multiple projects.

CalMTA Conclusions and Recommendations

In regard to written COI attestation, MTAB members are required to submit a written COI disclosure form upon joining MTAB, which is updated annually. The MTAB COI policy further specifies that if an MTAB member becomes aware of a new or potential COI, they are required to submit an updated COI disclosure form. This form should detail any actual or potential conflicts that were not previously disclosed. All current COI disclosure forms are publicly available on CalMTA's website at: <https://calmta.org/advisory-board/>. This requirement ensures that any new or potential conflicts of interest are properly disclosed and documented.

For mitigating future COI regarding bidding on MTIs, Section B Member Recusal Requirements is clear that any MTAB member that fails to recuse themselves from discussion of an MTI idea during Phase II: Program Development may not bid to receive funding related to that initiative in the future. This will be clearly explained in all future requests for proposals.

In response to comments from Randal Higa and Jeff Harris, the "competitive interest" recusal requirements would be clearer if they were linked to a definition of COI.

Based on our analysis, and considering MTAB feedback received, CalMTA recommends that we take the following actions:

Action 1: Add the following definition of COI to the MTAB COI Rules (Attachment B to Charter):

A conflict of interest shall mean any financial interest or contractual relationship that may impair the ability of an MTAB member to be impartial and unbiased in fulfilling the MTAB member's duties identified in the MTAB charter.

Action 2: Enhance MTAB member recusal requirements to link the "competitive interest" policy to the definition of COI.

Action 3: Review the COI policy updates at a future MTAB meeting and update the COI slides in the MTAB meeting deck.

Action 4: Before engaging MTAB members in discussions about MTIs that have advanced to Phase II, remind members of the recusal requirements in the MTAB COI policy and document in the publicly available meeting notes whether any members recuse.

Action 5: Review and assess the MTAB COI Policy after the first MTI Plans are approved by the CPUC for implementation and prior to release of the request for proposals for implementation and evaluation firms.