

From: Hirotsu, Sandra
Sent: Friday, January 11, 2013 3:42 PM
To: Karier, Tom; 'West, James'
Cc: Black, Charlie; Eckman, Tom; Grist, Charlie
Subject: Draft revised RTF Conflicts of Interest Policy
Attachments: Revised COI Policy (draft 1 11 13).docx

Attached please find a draft revised policy for review and comment.

- Revised policy maintains the distinction in the existing policy between actual conflicts of interest (policy prohibits person with the conflict from participating in the RTF transaction) and an *appearance of conflict of interest* (policy does not prohibit but recommends against participating in the RTF transaction).
- Revised policy emphasizes disclosure as the key to managing conflicts and appearances of conflicts regardless of the particular scenario involved. Disclosure must occur prior to any discussion on the topic, not just before the vote.
- Revised policy clarifies the procedure for disclosing as well as consequences. Depending on what the subject of the RTF transaction is, the revised policy either prohibits participation in the actual vote (but not the discussion preceding) or prohibits participation in the vote and the discussion preceding. The latter more comprehensive prohibition applies to situations where the RTF is discussing and/or voting on RTF contracts, RTF contractor qualifications, or reviewing proposals for work. It seemed like those discussions and decisions were more ripe for bias, or the appearance thereof, and thus it was important to exclude the conflicted party from participation in the discussion as well as the vote. For other RTF business (i.e., review of measures, savings estimates, etc.) the conflicted party is allowed to participate in the discussion (with prior disclosure of the conflict or appearance of conflict) but not the vote. That way, Voting Members will be aware from the outset of the discussion of any actual or perceived biases and can weigh the person's contribution to the discussion accordingly. There were comments going both ways at the last PAC meeting as to whether and when a conflicted person should be able to participate in the discussion including comments to the effect that as long as the conflicted person's bias was known, there was value to be had by allowing the person to participate in the discussion.
- Revised policy maintains the exclusion for persons who work for, make recommendations to, or regulate utilities, and does not prohibit those folks from participating in RTF transactions in the regular course of RTF business as long as they don't have a direct financial interest in the transaction. However, the exclusion does not extend to transactions in which the RTF is discussing a specific contract or proposal to enter into a contract with a utility. In that situation, even if the utility employee does not have a direct financial interest in the outcome of that transaction, the utility employee member would have an appearance of conflict of interest and must at the very least disclose the conflict. The same holds true for employees of contractors.
- Revised policy is more comprehensive in terms of who it applies to: RTF Voting Members, RTF staff, and RTF Operations Subcommittee members. Revised policy also imputes more financial interests to those persons than existing policy: i.e. includes domestic partners, roommates (member of household), siblings (immediate family), adult children (immediate family), and any

organization or business that the member/staff holds ANY ownership in (not just a 25% or greater ownership interest as is current policy).

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