

**Supplemental Comments
of the California Municipal Utilities Association
on the Final 2017 Stakeholder Initiatives Catalogue**

As the Stakeholder Initiatives Catalogue (“Catalogue”) continues to wind its way through the CAISO processes, the California Municipal Utilities Association (“CMUA”) submits these Supplemental Comments on both the process and a single policy issue enumerated in the Catalogue.

It is Time to Refresh and Reconsider this Process

When the CAISO first created and instituted the Stakeholder Catalogue CMUA, in contrast to many stakeholders, supported it as a step toward transparency in how the CAISO marshalled and allocated scarce resources toward policy objectives. While the ranking system and other aspects of the process were rightly subject to criticism even then, before the Catalogue there was no process whatsoever. Therefore, the Catalogue was clearly a step in the right direction.

Much as transpired in the intervening years. First, the workload and character of issues at the CAISO have changed. Workload has increased for both stakeholders and CAISO Staff. At the same time, the character of the issues has changed. Emphasis has moved away from “routine” issues such as CAISO procurement backstop mechanisms, to issues such as storage, flexible ramping, and other matters driven by the need to support achievement of California carbon and renewable energy policy mandates. The CAISO and EIM Entities have set up a regional real time energy market. Accompanying in the EIM is a separate Governing Body with primary and advisory roles on aspects of the market, and the views of that Governing Body and a new set of regional stakeholders must be reflected. Finally, the CAISO has made addition of new regional transmission owners a corporate priority. These changes alone support the need to reassess how the CAISO rations its scarce organizational resources.

There are other reasons. In theory, the Catalogue should be one of the most important initiatives each year. It is akin to a business plan and performance metrics for the Corporation. Yet, when compared to other stakeholder processes, it is surprisingly sparse in participation. While issues surrounding regional Resource Adequacy or Regional Transmission Access Charge would routinely garner 30-plus comments, the number of comments on the Catalogue is in the teens. Comments on the TAC Wholesale Billing Determinants Issue paper received 32 comments. Stepped Constraint Parameters received more comments than the Catalogue, when many would be challenged to accurately describe this highly technical issue.

Many factors contribute to the general stakeholder apathy for the Catalogue. Like among them is the fact that the ranking process is a poor mix of qualitative and quantitative factors that masks the rationale for decisions. More important is the perception that the CAISO has made so many decisions on the coming initiative workplan before the process is commenced that stakeholder input is peripheral at best, and perceived as window dressing.

CMUA urges the CAISO to reexamine this process from first principles for all of the reasons stated above. Such examination would include a commitment by the CAISO that prioritize stakeholder input earlier in the process, creation of a new ranking process, and adjustments to reflect the separate decision-making process for the Energy Imbalance Market.

CRR Auction Efficiency

CMUA strongly supports prioritization of this item for 2017. The wealth transfers from California consumers to speculative interests identified and quantified by the Department of Market Monitoring is significant and dwarfs other initiatives, such as EIM or regionalization, in which benefits for California consumers have been purported. CMUA has a lingering concern that this process may drag on unnecessarily. Changes to the CRR auction are not complex technically. Given the magnitude of this issue for consumers, CMUA urges the ISO to get a process in place so that fixes to the CRR auction process can be done in time for the 2018 CRR auction.

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