

Stakeholder Process: EIM Governance

Summary of Submitted Comments

Stakeholders submitted three rounds of written comments to the ISO. The following chart depicts the schedule and the stakeholder engagement at each step:

Date	Event or Activity	Stakeholder Engagement
January 12	Stakeholder meeting on Issue Paper in Phoenix, AZ	Attendance: 12 in person; 41 web participants
January 26	Stakeholder comments on Issue Paper	Received 28 sets of comments
March 31	Stakeholder meeting on Straw Proposal at California ISO, Folsom, CA	Attendance: 14 in person; 56 web participants
April 16	Stakeholder comments on Straw Proposal	Received 23 sets of comments
June 25	Committee meeting where Draft Final Proposal was presented in Reno, NV	Attendance: 8 in person; 43 phone participants (no webex)
July 9	Stakeholder comments on Draft Final Proposal	Received 27 sets of comments

Stakeholder comments are posted at:

<http://www.caiso.com/informed/Pages/StakeholderProcesses/EnergyImbalanceMarketGovernanceDevelopment.aspx>

The EIM Transitional Committee summarized or paraphrased the comments from stakeholders and provided responses where appropriate. The response are organized by comment areas provided in the template.

1. BASICS OF EIM GOVERNING BODY	
Stakeholder Comments	Transitional Committee Response
<p>Arizona Corporation Commission (ACC) believes the ISO should commit to begin to immediately address legal impediments and other barriers to an autonomous EIM entity and a timeline should be established by the transitional committee for addressing these issues.</p> <p>The transitional committee should evolve into a permanent oversight committee and approve the initial selection of the EIM governing body as well as oversee the overall operation of the EIM.</p>	<p><i>The Committee appreciates the ACC’s concerns about the independence of the EIM Governing Body. As noted in the Draft Final Proposal, changes to the overall governance structure of the ISO require legislative change. The Committee understands that the ISO has engaged in dialogue with policymakers on this issue. The Committee continues to support the delegated authority model for EIM governance while the broader issues of ISO governance are being addressed.</i></p> <p><i>The Committee has considered the ACC’s recommendation that it evolve into a permanent EIM Oversight Committee. The Committee appreciates the ACC’s suggestion, but does not believe that a committee of this nature is necessary. The Committee is currently contemplating its ongoing role after (and assuming) the ISO Board adopts its proposal and if changes to its charter will be necessary to accommodate a role during the implementation period. The Committee expects that the ISO will immediately begin implementing the proposal so that the EIM Governing Body may be selected as soon as possible. Further, the Committee believes that the nominating process detailed in the final proposal sufficiently addresses concerns about the ISO Board approving a slate of candidates for the initial placement of EIM governing body members.</i></p>

<p>In order to avoid a conflict of interest, the costs of ISO staff who support EIM should be allocated between the ISO and the EIM regional operation. The EIM governing body should be able to make its own decisions on personnel. The costs of personnel should be allocated based upon (and paid from) the benefits received from the EIM’s operation by CAISO and the EIM stakeholders and participants.</p> <p>DMM should report directly to the EIM governing body on EIM market performance.</p> <p>Further describe and define the process of communication between the ISO Board and the EIM governing body to ensure two-way communication.</p> <p>There should be a draft timeline for implementation of the EIM governance structure.</p>	<p><i>The Committee does not share the ACC’s concern about the allocation of personnel costs to ensure the independence of the EIM governing body. The process for selecting members to the EIM governing body adequately addresses the need for independence.</i></p> <p><i>The Committee agrees that the EIM Governing Body should benefit from DMM reports on the performance of the EIM on a periodic basis.</i></p> <p><i>The Committee agrees with the ACC that two-way communication between the ISO and the EIM governing body is important. The final proposal further clarifies this under the Scope of Authority section of the final proposal.</i></p> <p><i>The Committee is working with ISO staff to develop a timeline for implementation.</i></p>
<p>Arizona Public Service (APS) Generally supports the proposal on basic governance but called for term limits on members of the EIM governing body.</p>	<p><i>The Committee agrees and the proposal calls for staggered terms for governing body members and term limits.</i></p>
<p>Bonneville Power Administration (BPA) comments that the EIM Transitional Committee should work with CAISO staff on a detailed cost estimate of the annual budget for the establishment and on-going cost of the EIM governing body and associated staffing and system requirements. They believe the proposal should consider how the cost will be allocated and how costs will be collected.</p>	<p><i>The Committee certainly agrees that the EIM governing body must be cost conscious. However, the Committee is not in the best position to assess what would be a reasonable expenditure for the EIM governing body. The Committee would expect that, similar to all CAISO administrative costs, cost estimates and related issues would be disclosed and discussed through the stakeholder process similar to how the Grid Management Charge is handled. Similarly, it would be inappropriate for the Committee to recommend precise staffing levels for the EIM governing body.</i></p>

<p>California Public Utilities Commission (CPUC Staff) supports the governance proposal based on the “delegated authority,” rather than “autonomous” model.</p>	<p><i>Thank you for your comments.</i></p>
<p>NRDC, CEERT, Interwest Energy Alliance, Renewable Northwest, Sonoran Institute, Western Grid Group, Western Resource Advocates, Utah Clean Energy - generally support the proposal and calls for adding public interest qualifications to list for EIM governing body members. Support the establishment of a Regional Issues Forum.</p>	<p><i>The Committee agrees and the proposal reflects both the qualification addition and the establishment of a RIF.</i></p>
<p>NV Energy (NVE) NV Energy expressed general support for the proposals provisions. It comments that the proposal provides that the EIM governing body overall should reflect diversity of expertise, so that it is not dominated by members who specialize in one subject area, such as operations or utility regulation, as well as geographic diversity.</p>	<p><i>The committee agrees.</i></p>
<p>Office of Ratepayer Advocates (ORA) comments that the Transitional Committee suggests that the ISO staff should label EIM-focused initiatives as such. ORA recommends that the ISO staff should also flag ISO-focused initiatives that may have some effect on the EIM, so that affected stakeholders do not miss an opportunity to comment.</p> <p>The Transitional Committee suggests that the ISO should consider hosting in-person meetings at locations that are convenient.</p>	<p><i>The committee agrees that meetings related to EIM initiatives should be clearly referenced.</i></p> <p><i>The committee further agrees and anticipates that remote meeting participation opportunities would continue to be provided as is the current practice for stakeholder meetings. While it is possible to tailor locations to affected parties the Committee declines to be more prescriptive in this regard in the governance Proposal. We agree this would be desirable but is too prescriptive for the governance proposal.</i></p>
<p>Oregon Public Utility Commission (OPUC) - The Transitional Committee has developed a thoughtful, reasoned proposal. They agree that establishing an independent EIM governing body with delegated authority from the ISO board is the only practical and constructive path forward. They support the charge to the EIM governing body to ensure efficient, effective, and fair market operation and to promote expansion of the EIM when it benefits consumers.</p>	<p><i>Thank you for your comments.</i></p>

<p>PacifiCorp (PAC) agrees with the Committee’s proposal that the EIM governing body should follow procedures and policies of the ISO’s Board of Governors, and that a charter from the ISO Board detailing the EIM governing body’s role and responsibilities is necessary because this will be critical to the delineation of responsibilities between the ISO Board and the EIM governing body.</p>	<p><i>Thank you for your comments.</i></p>
<p>Powerex reiterates its continued support for an independent EIM governing body. They believe that unless a truly independent governance and administrative structure is established, it is likely that the EIM will continue to be operated in a manner that elevates the interests of California and its customers over the interests of customers in other balancing authority areas outside of California that elect to participate in the EIM, including those taking service under the long-standing Open Access Transmission Tariff (“OATT”) framework established by FERC.</p>	<p><i>These issues were considered previously by the Committee and not adopted. No further changes in this regard are anticipated.</i></p>
<p>Public Service Commission of Utah (PSCU) questions the premise that a regional market approach is superior to the existing function of the Western Interconnection as a starting point for a discussion regarding EIM governance. The PSCU cautions that the governance proposal should not be viewed as a default first stage of a governance regime should the ISO develop into something more than its current reach and authority.</p>	<p><i>The Committee appreciates the comments of the PSCU and believes that modification to the narrative language is appropriate.</i></p>
<p>Public Utilities Commission of Nevada (PUCN) appreciates “delegated authority” model and agrees that by running meetings similarly to ISO Board of Directors’ meetings stakeholders are ensured open meeting policies with equal rights to comment.</p>	<p><i>Thank you for your comments.</i></p>
<p>2. EIM Governing Body Member Selection Process</p>	
<p>Stakeholder Comments</p>	<p>Transitional Committee Response</p>
<p>ACC would support public interest groups having a voting position on the Nominating Committee.</p>	<p><i>The Committee reaffirms the structure of the nominating committee.</i></p>

<p>Arizona Public Service (APS) understands the importance of having an EIM Governing body that features a diverse set of expertise and experience, but also believes that it is important for the body to represent the geographic footprint of the region served by the EIM market.</p>	<p><i>While the committee agrees that experience in the West is desirable it also feels that there is great experience in other parts of the country that the market can benefit from. It does not wish to adopt provisions that might exclude such experience from the EIM governing body. Moreover, given the requirements for financial independence from market participants, it may be necessary to consider qualified candidates from other parts of the nation. However all other considerations being equal, the committee recommends equivalently qualified candidates from the West should be preferred.</i></p>
<p>Bonneville Power Administration (BPA) proposes and seeks clarification that power market administrations within the EIM footprint would be counted as eligible for service on the nominating committee as part of the publicly-owned utility sector.</p>	<p><i>The proposal defines membership in the publicly-owned utilities sector as being publicly-owned utilities located within the EIM footprint.</i></p>
<p>California Large Energy Consumers Association (CLECA) believes the selection process and composition of the nominating committee should be revised to include a voting member to represent end-user interests; the CAISO’s selection process for its governing body includes voting representatives from six member classes, one of which is end-users (ratepayers) and retail energy providers.</p>	<p><i>In its Draft Final Proposal the committee revised the nominating committee so that consumer groups were included with the public interest sector, which will select a non-voting representative. That provision is also included in the Final Proposal.</i></p>
<p>NV Energy supports the proposed selection process.</p>	<p><i>Thank you for your comments.</i></p>
<p>ORA seeks clarification that consumer groups are included with public interest sector as a non-voting representative. ORA recommends that this representative receive a vote, as stakeholder comments would not adequately reflect consumers’ opinions, yet ratepayers will pay the costs of the EIM.</p> <p>ORA supports a representative of the state regulators committee having a vote on the nominating committee. This development is especially important if the public interest sector representative continues to participate as a non-voting representative.</p>	<p><i>The Committee agrees that consumers’ voices are important and believes the proposed structure of the Nominating Committee allows for their opinions to be fully considered in nominating choices. Furthermore the Committee added a qualification for public interest experience to the criteria for selecting EIM governing body members.</i></p> <p><i>The Committee appreciates the comments and the proposal reflects this change.</i></p>

3. Scope of Authority	
Stakeholder Comments	Transitional Committee Response
<p>ACC recommends that Category 1 and Category 2 rules should be subject to further detail and work to minimize disputes. They recommend an additional process whereby the ISO Board and EIM governing body each designate one individual to work on a more defined list of Category 1 and 2 issues at the outset. The ACC also suggests a provision for reconsideration and reclassification.</p>	<p><i>The Committee agrees with the ACC that the scope of authority needs more detail. The final proposal is modified to provide more clarity to the process for designating issues.</i></p>
<p>ACC requests that the Transitional Committee reconsider the issue of the requirement that the ISO Board approve rules that are unique to the EIM.</p>	<p><i>The Committee modifies the final proposal to provide more clarity to the approval process.</i></p>
<p>CLECA stated that if end-users were not included in the nominating committee, the dispute resolution process should encourage and highlight end-user participation in the “stakeholder discussion” of the dispute, which is intended to inform the resolution of the dispute by a vote of the two boards.</p>	<p><i>In its Draft Final Proposal the committee revised the nominating committee so that consumer groups were included with the public interest sector, which will select a non-voting representative. That provision is also included in the Final Proposal.</i></p>
<p>CPUC Staff also supports the proposal for resolving disputes regarding which decisional body has primary authority over a particular policy initiative.</p>	<p><i>Thank you for your comments.</i></p>
<p>NV Energy supports the delegation of authority and the proposal the Committee has put forth to resolve any potential disagreement as to which entity has primary authority.</p>	<p><i>Thank you for your comments.</i></p>
<p>OPUC recommends specific guidelines minimize disputes over which entity has primary authority and what type of changes would qualify for treatment under the proposed “exigent circumstances” provision.</p>	<p><i>The Committee agrees and modifies the final proposal accordingly.</i></p>
<p>Pacific Gas & Electric (PG&E) supports the core elements of the Transitional Committee’s (TC) proposal for a long-term EIM governance structure. The governance framework includes appropriate procedures to delineate which body will have primary authority over a particular matter and specifies procedures for resolving disagreements by the two bodies concerning issue categorization.</p>	<p><i>Thank you for your comments.</i></p>
<p>PUCN agrees that development of an EIM decision-making process is more pragmatic than identifying specific issues or tariff sections now that will be within the authority of the governing body, as the issues and tariffs are likely</p>	<p><i>Thank you for your comments.</i></p>

<p>to change over time.</p> <p>Southern California Edison (SCE) has supported the development of the Energy Imbalance Market (EIM) and appreciates being involved in the stakeholder process for governance of the EIM. They had comments about a number of provisions and expressed concerns about EIM governing body decisions affecting other parts of the ISO market and their preference that the EIM body’s activities be sharply limited in many instances.</p> <p>They comment that the Proposal states that the EIM Board should: <i>“Protect the EIM, its participants, and consumers against the exercise of market- power and otherwise further the establishment of just and reasonable market outcomes”</i></p> <p>The problem with the statement from their perspective is that it says only “EIM, its participants, and consumers”. Both governing boards should have an obligation to protect all market participants regardless of location.</p> <p>SCE recommends the language be changed to read: <i>“Protect the CASIO operated markets EIM, its participants, and consumers against the exercise of market- power and otherwise further the establishment of just and reasonable market outcomes.”</i></p> <p>The independent Department of Market Monitoring reviews the performance of the market and the existing CAISO Board has the obligation for just and reasonable results for the CAISO operated markets.</p> <p>Granting a monitoring function to the EIM Board would result in a duplicative function and is contrary to the EIM Transitional Committee’s charter for efficient and non-duplicative decision making. Furthermore, the FERC stated “we agree that the Department of Market Monitoring is a logical choice to act as market monitor for the EIM, as it has extensive experience in monitoring an imbalance market in the West and with CAISO’s software.”</p>	<p><i>The Committee agrees that the goal is to “Protect the CASIO operated markets including EIM, its participants, and consumers against the exercise of market- power and otherwise further the establishment of just and reasonable market outcomes,” and has proposed language in the governance proposal to address this point. The Final Proposal provides further details on the delegation of authority as it relates to “hybrid initiatives”.</i></p> <p><i>The Committee proposes that the ISO’s Department of Market Monitoring shall be available for and report to the EIM governing body.</i></p> <p><i>The Committee did not agree to limit the scope of the governing board as closely as suggested by SCE. The EIM as it is proposed and as it is operating is a regionally focused entity. Limiting the governing body’s activities to the extent suggested by SCE was judged to be infeasible.</i></p>
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<p>Xcel Energy generally supports the provisions of the proposal but sought additional clarification regarding conflict resolution and a consideration of harmonizing OATT provisions across participants to enhance market performance and reduce transmission access costs.</p>	<p><i>The Committee incorporated suggestions from Xcel’s comments into the proposed dispute resolution process. The TC determined that while conformity might be desirable, it is impractical to require it at this time as many of the participants’ OATTs reflect their unique circumstances and needs, and determined that it was not within its remand to suggest an approach to this issue in the governance proposal.</i></p>
<p>4. Advisory Body of State Regulators – Composition and Role</p>	
<p>Stakeholder Comments</p>	<p>Transitional Committee Response</p>
<p>ACC suggests that the body of state regulators be allowed to set up its own processes for meetings for the conduct of its affairs.</p> <p>ACC recommends that the costs of the body of regulators by subject to allocation among the various states, participating entities and stakeholders from those states in accordance with or from the benefits received from the EIM’s operation.</p> <p>ACC suggests clarification of the membership of the body of regulators.</p>	<p><i>The Committee agrees with the ACC that the body of regulators should determine how it will conduct business and modifies the final proposal to clarify the role and structure.</i></p> <p><i>The Committee does not believe that the allocation of costs is necessary as it is a modest expense.</i></p> <p><i>The Committee clarifies that the body of regulators would include one representative from each state public utilities commission in which load-serving utilities participate in EIM, including the ISO real-time market. The body is not a formal ISO committee and would not be appointed by the ISO Board or subject to ISO or California open meeting laws. Further, the Committee offers suggestions on how the committee is formed, but leaves this process to the regulators.</i></p>
<p>Arizona Public Service (APS) supports the body of state regulators and believes they will play an important role in advising the EIM governing body and the ISO board. APS is supportive of the clarifications made in the Draft Proposal regarding the committee of state regulators. APS agrees with the TC decision to remove publicly-owned utilities from the committee of state regulators and believes it is appropriate as publicly-owned utilities could also be EIM market participants.</p>	<p><i>Committee agrees and thanks you for your comments.</i></p>

<p>California Municipal Utilities Association (CMUA) supports the composition and role of the State Regulators Committee, so long as there is an analogue Regional Advisory Committee of stakeholders. Northern California Public Power Agency (NCPA) supports the comments filed by CMUA.</p>	<p><i>Thank you for your comments.</i></p>
<p>CPUC Staff supports the composition and role of the committee of state regulators, including the proposal to limit membership to state regulators and supports the Committee’s decision to provide one representative from the committee of state regulators with a voting role on the nominating committee.</p>	<p><i>Thank you for your comments.</i></p>
<p>NV Energy supports the proposal with respect to the advisory body of state regulators.</p>	<p><i>Thank you for your comments.</i></p>
<p>PUCN supports a committee of state regulators. State regulators have a strong interest in ISO-related activities and have authority over many issues directly affected by the EIM. This will promote communication between state regulators and the EIM governing body.</p>	<p><i>Thank you for your comments.</i></p>
<p>Oregon Public Utilities Commission (OPUC) agrees with the creation of the body of regulators and its role. The OPUC recognizes that an alternative arrangement may be warranted in the future and suggest a provision for the dissolution of the body of regulators.</p>	<p><i>Thank you for your comments.</i></p>
<p>Six Cities - While not opposing the Committee of State Regulators, the Six Cities caution against and would oppose any decisional role for the committee over market design changes.</p>	<p><i>Thank you for your comments.</i></p>
<p>WUTC agrees with the creation of the body of regulators and its role, but suggests that it may not be appropriate to create it as a formal committee appointed by the ISO Board.</p>	<p><i>The Committee agrees and clarifies that the body of regulators is not a formal committee of the ISO, is not appointed the ISO Board, and is not subject to California laws or ISO policies.</i></p>
<p>Xcel Energy supports the revision in the draft proposal that effects the removal of the public power representative from the advisory body of state regulators.</p>	<p><i>Thank you for your comments.</i></p>

5. Regional Advisory Committee (now called the Regional Issues Forum)	
Stakeholder Comments	Transitional Committee Response
<p>ACC supports that establishment of the Regional Issues Forum, but recommends the establishment of a separate stakeholder advisory group for public interest advisory groups.</p>	<p><i>The Committee does not agree with the ACC suggestion to add a stakeholder advisory group as it is unnecessary based on modifications to the final proposal.</i></p>
<p>Balancing Authority of Northern California (BANC) strongly supports formation of the RAC. They believe that the RAC could help resolve inevitable seams issues as the EIM develops and provide another source of input on issues regarding inter-balancing authority area engagement and market issues and observations.</p>	<p><i>Thank you for your comments.</i></p>
<p>Bonneville Power Administration (BPA) supports creation of the Regional Advisory Committee, and has questions about the details of the proposal. BPA seeks to ensure that the RAC will not be precluded in its scope from discussion any EIM issue that it may desire to take up. Also, BPA suggests that the Transitional Committee provide further details on the interaction between the RAC and the EIM governing body, including possible requirements for the EIM governing body to respond to particular positions or opinions expressed by the RAC. BPA further suggests that, given the possible diversity with sectors, two representatives from each sector be allowed, and that along with this further clarification of the definitions and eligibility for the identified sectors be provided.</p>	<p><i>With respect to the Regional Issues Forum, the Committee has adopted BPA's recommendation that 2 members from each sector be selected to serve on the RIF. Further details on the Forum are provided in the final proposal.</i></p>
<p>CLECA believes the Regional Advisory Committee should include a representative for an end-user sector.</p>	<p><i>The Committee's final proposal includes public interest groups and consumer advocates as a sector in the RIF and each sector will select two liaisons so as to not overly limit participation and to better reflect diverse interests.</i></p>
<p>California Municipal Utilities Association (CMUA) supports the composition and role of the State Regulators Committee, so long as there is an analogue Regional Advisory Committee of stakeholders. CMUA believes that the RAC, in conjunction with the existing stakeholder process, would allow augmented input into EIM issues not only for California but across the broader region, both within and without of the EIM footprint. Northern California Public Power Agency (NCPA) supports the comments filed by CMUA.</p>	<p><i>Thank you for your comments.</i></p>

<p>The CPUC Staff supports the proposal to create a Regional Advisory Committee of stakeholders.</p>	<p><i>Thank you for your comments.</i></p>
<p>NRDC, CEERT, Interwest Energy Alliance, Renewable Northwest, Sonoran Institute, Western Grid Group, Western Resource Advocates, Utah Clean Energy - Support the establishment of a Regional Issues Forum to explore critical issues not directly related to the day to day operation of the EIM, facilitate of dialog between various stakeholders and the ISO, prevent misunderstanding and facilitate a better understanding of ISO practices and positions, and build better cooperation with POU's and PMAs</p>	<p><i>Thank you for your comments.</i></p>
<p>NV Energy supports the proposed Regional Advisory Committee.</p>	<p><i>Thank you for your comments.</i></p>
<p>Northwest Public Power Association (NWPPA) supports the formation of the Regional Advisory Committee as presented. Additional details are needed but it appears to provide the only opportunity for public power entities to engage with the governance of the EIM. It recognizes the Regional Advisory Committee is essential to the protection of consumers in the region, and is key to NWPPA's support.</p>	<p><i>Thank you for your comments.</i></p>
<p>OPUC raises concerns about the mission of the Regional Issues Forum suggests that the Forum advise on policy issues before the EIM governing body and the ISO Board. In lieu of a regional committee, create a quarterly forum led by EIM staff and open to all to discuss operation issues. The OPUC suggests that a review of performance as a useful function should be conducted after a year.</p>	<p><i>The Committee agrees with most of the comments of the Oregon PUC and modified the final proposal accordingly.</i></p>
<p>PacifiCorp generally supports the proposal but does not support creation of a regional advisory committee of stakeholders without further definition on what the role of the committee will be. The regional advisory committee should not displace the ISO's existing process for stakeholder input. PacifiCorp would prefer a twice annual forum. They believe it may be more appropriate to allow the EIM governance structure an opportunity to operate before adding additional committees without understanding the value such committees may bring to the new process.</p>	<p><i>The Committee considered the value of the Regional Advisory Committee to the EIM entity and concluded that while it provided significant value and an important avenue for input from the region's public utilities and public interest stakeholders regarding their views on issues that could affect market participation and regional coordination, it should more properly be renamed a "Regional Issues Forum" to eliminate any implication of intrusion into or conflict with the existing ISO stakeholder processor's prerogative. The committee decided to allow the body to select its own agenda items and provided that the ISO staff could both suggest topics and respond to RIF issue products in writing should it choose to do so. The final proposal</i></p>

	<i>also requires the value of the Forum be examined after 18 months of operation.</i>
Portland General Electric (PGE) Supported most aspects of the proposal, including a Regional Advisory/Issues Committee/Forum. PGE expressed disappointment that a free-standing entity was not selected as a market operator but understood and supported provisions to revisit the structure in light of developments and the triggers suggested by the transitional committee.	<i>Thank you for your comments.</i>
Public Service Commission of Utah (PSCU) does not opposed to the creation of the regional issues forum but questions whether in practice it could be constrained from taking up policy issues that are a part of an ongoing stakeholder process.	<i>The Committee appreciates the concern of the PSCU and modifies the final proposal to provide more clarity around the activities of the Forum.</i>
PUCN supports the new Regional Advisory Committee because it will provide an opportunity for neighboring balancing authority areas and other interested entities to address broader issues of market operations without displacing the existing ISO stakeholder process.	<i>Thank you for your comments.</i>
Sacramento Municipal Utility District (SMUD) strongly supports the formation of the RAC, and particular its recognition that neighboring Balancing Authority Areas have a “keen interest in EIM policy and operations.” SMUD would like more details on the RAC.	<i>The Committee agrees with SMUD and others that certain of the details of the RIF required explanation. The Final Proposal details the advisory role of the RIF to the EIM governing body, as well as several other details with respect to sector definitions and the scope of RIF activities.</i>
Six Cities support the establishment of the RAC to supplement but not replace the existing stakeholder process.	<i>The Committee agrees with Six Cities and others that the RIF is not intended to supplant, but to supplement, the existing stakeholder process. While the Committee understands that concerns remain in some quarters, the anticipated frequency of meeting of the RIF, its scope and advisory role all guard against that outcome. Finally, the Committee has recommended that the RIF be revisited after a period of time to examine both its effectiveness and whether it fits within evolving governance structures.</i>

<p>Western Resource Advocates (WRA) generally supports the proposal. In anticipation of the CAISO becoming a regional organization, we recommend not only pursuing the addition of a Regional Advisory Committee, but modifying its structure to be consistent with the structure of the electric industry and membership in other regional organizations including WECC and Peak Reliability. These sectors then become the regional sectors from which the EIM-active subsets are drawn to participate in the Nominating Committee and Advisory Body of State Regulators.</p>	<p><i>The TC has not considered precisely aligning with Peak or WECC's processes, but believes the proposed, renamed committee approach is compatible with this concept. Nothing in the proposal prevents further sectorial alignment with WECC or Peak in the future. Nor does it prevent the expanding of members if deemed necessary. The Committee agreed with WRA that membership should be expanded for the sectors, but settled on two rather than three members as a starting point for the Regional issues Forum.</i></p>
<p>Xcel Energy views this group as playing a potential role in the coordination of future regional developments not directly related to CAISO's real-time market operations and supports the establishment of the RAC, but recommend that it be evaluated again whenever criteria for an EIM governance review have been triggered.</p>	<p><i>The Committee agrees and revised its final proposal to include a provision to evaluate the efficacy of the RIF after eighteen months of operation.</i></p>
<p>6. Governance Re-Evaluation Commitment</p>	
<p>Stakeholder Comments</p>	<p>Transitional Committee Response</p>
<p>ACC believes that a reassessment of EIM governance no later than five years is not meaningful and suggests that the reassessment be within the discretion of the EIM governing body. The ACC further recommends that a summary review or reassessment take place every year to determine progress and next steps until the governance issues are resolved. The ACC is not opposed to the triggers but states that the triggers should not displace the discretion afforded the EIM governing body.</p>	<p><i>The Committee clarifies that reassessment of EIM governance is largely left to the discretion of the EIM governing body.</i></p>
<p>APS supports the clarifications adopted by the TC regarding the commitment to re-evaluate governance. APS would like to see additional guidance provided for the process of governance reevaluation. This clarification could help to address the potential for conflicts of interest to arise between the EIM governing body and stakeholder interests to make changes (including possible elimination) to the governance model.</p>	<p><i>The proposal sets forth explicit triggers for reconsideration including a complete change in governance.</i></p>

<p>California Municipal Utilities Association (CMUA) supports the commitment to reevaluate governance as regional developments continue, including the PacifiCorp MOU. Northern California Public Power Agency (NCPA) supports the comments filed by CMUA.</p>	<p><i>Thank you for your comments.</i></p>
<p>CPUC Staff supports Transitional Committee’s decision to recommend a re-evaluation in five years or sooner by allowing the EIM governing body to use its discretion to re-evaluate.</p>	<p><i>Thank you for your comments.</i></p>
<p>While NV Energy believes a regional EIM should be ultimately governed by an independent body with members who are free from conflicts of interest, NV Energy would support, in parallel with the EIM governance consistent with the Committee’s recommendation, the commencement of a process for a permanent change in the CAISO Board structure.</p>	<p><i>Thank you for your comments.</i></p>
<p>OPUC recommends one other criterion for review: a major entity or multiple entities outside of California joins the ISO as a PTO.</p>	<p><i>The Committee gave this recommendation much consideration, but believes that the work of assessing the overall ISO’s governance structure is currently underway as PacifiCorp and the ISO evaluate the costs and benefits of integrating the two balancing authority areas.</i></p>
<p>PUCN supports the Transitional Committee’s proposal to review and reevaluate EIM governance within five years, or based on trigger(s) identified by the governing body.</p>	<p><i>Thank you for your comments.</i></p>
<p>Puget Sound Energy (PSE) requests that the starting point for the re-evaluation be designated as November 1, 2014 (the date the market went live).</p>	<p><i>The Committee believes the clock cannot start until a governance structure is adopted by the ISO Board of Governors.</i></p>
<p>Seattle City Light (Seattle) Given the consideration of PacifiCorp as a PTO, Seattle urges the Committee to re-examine all aspect of CAISO governance now.</p>	<p><i>The Committee understands, but respectfully disagrees with the conclusion by Seattle that any EIM governance short of complete reformation of CAISO governance is not advisable. As we have explained, in light of the numerous variables surrounding PacifiCorp or other PTO’s adding to the geographic scope of the full Day-Two market, waiting for those possible developments to unfold would leave no changes in place for the EIM as we know it, which the Committee believes is unreasonable.</i></p>

Six Cities support the process for re-evaluation of governance if 5 years or if intervening circumstances warrant earlier re-examination.	<i>Thank you for your comments.</i>
7. Miscellaneous	
Stakeholder Comments	Transitional Committee Response
ACC proposes 11 provisions be included in the ISO bylaws, the EIM governing body's charter, or in other applicable policies and procedures.	<i>The Committee agrees in part with the recommendations of the ACC and modified the final proposal accordingly. Some recommendations are more detailed than the Committee attempted to represent in the proposal but will be reviewed during the development of the bylaw changes and EIM governing body charter.</i>
BPA believes that additional ISO staff support will be needed for the EIM governing body.	<i>The committee appreciates the comment on ISO staff support. The committee believes that ISO management will be in the best position to determine staffing needs, depending on the workload, as it may vary over time.</i>
NV Energy appreciates the committee's consideration of and response to the issue of cost allocation to market participants	<i>Thank you for your comments.</i>
OPUC supports the continued participation of the Transitional Committee in the ISO's process to ensure that the bylaw amendments and any other necessary changes are implemented consistent with the proposal.	<i>The Committee is evaluating its continued role after the proposal is approved by the ISO Board and plans to engage to ensure the intent of the proposal is maintained through the development of the bylaw changes and charter.</i>
PG&E supports the proposed governance framework and believes it can promote EIM expansion and support efficient Real-Time Market design while balancing the diverse regional interests encompassed within the EIM footprint.	<i>Thank you for your comments.</i>
Xcel Energy recommends the EIM Governance act to guide EIM Entities to establish and maintain compatible business practices or act in an advisory role in the event that incompatible business practices are established.	<i>Thank you for your comments.</i>