

Memorandum

To: ISO Board of Governors
From: Rebecca Wagner, EIM Transitional Committee Chair
Date: March 20, 2015
Re: **Update on activities of the EIM Transitional Committee**

This memorandum does not require Board action.

COMMITTEE UPDATE

The EIM Transitional Committee met on March 5 in Portland, Oregon and received briefings from ISO management on EIM topics, including an update on EIM operations, regulatory status of EIM filings, a briefing from the Department of Market Monitoring, and an update on the work of the Peak RC on the enhancement curtailment calculator tool. Elliot Mainzer, Administrator of Bonneville Power Administration, provided a briefing on the work of the Northwest Power Pool request for proposals and the continued collaboration with the ISO and PacifiCorp on EIM operations.

The committee posted the governance straw proposal on March 19. This was the result of a tremendous effort by the straw proposal working group with the assistance of ISO staff. The committee developed the straw proposal based on thorough knowledge of the ISO's existing regulatory and legal framework, valuable stakeholder comments on the issue paper and productive dialogue among committee members. On March 31, the stakeholder working group of the committee will present the straw proposal to stakeholders at a meeting at the ISO (also available via web conference). Stakeholder comments on the straw proposal are due on April 16.

The market design working group of the committee engaged in the ISO's EIM year 1 enhancements initiative. Through this working group, the committee actively participated in the ISO stakeholder process that, while accelerated, allowed for reasoned stakeholder input. In addition, the working group discussed the impact of the proposed EIM year 1 enhancements with the Market Surveillance Committee, an advisory committee to the ISO Board of Governors.

Upon review of these enhancements and the views of stakeholders, the committee believes they rest within a reasonable range of potential solutions to the issues identified and will not have a significant effect on the alternative governance structures

of the EIM. As such, the committee does not oppose the year 1 enhancements proposed by ISO staff.

The committee has continued to provide outreach and receive feedback from regional stakeholders on governance issues through a variety of forums. For example, several committee members attended a meeting hosted by committee member Kevin Lynch at Iberdrola's offices with many of the Northwest clean energy organizations. Also, on March 6, committee members Kevin Lynch and Bob Weisenmiller provided an update to the Pacific Northwest Utilities Conference Committee. In addition, I was joined by Stacey Crowley, ISO Director – Regional Affairs, and met with each FERC Commissioner on March 10 in Washington DC. We have found that these types of outreach meetings provide insight into the broad perspectives in the west and assist the committee in developing a straw proposal that will garner wide support.

NEXT STEPS

There will be a stakeholder meeting, hosted by the stakeholder working group, to present and discuss the governance straw proposal on March 31 at the ISO, as well as via webinar. We are encouraging broad participation and feedback on the straw proposal, with stakeholder comments due April 16. Our next full committee meeting will be April 30 at the ISO. We will continue to receive updates from the working groups as well as briefings from ISO management on the status of EIM deployment and the EIM year one enhancements initiative.

The committee will review stakeholder comments and make any revisions, as necessary, to the straw proposal over the summer months. I will provide the Board with progress updates and we look forward to your feedback as we move forward.

With the announcement of Puget Sound Energy's intent to join the EIM, the committee looks forward to working with a new committee member. Once the representative is appointed, I will provide a briefing on the committee's activities and working groups.

SUMMARY

The EIM Transitional Committee continues to make good progress and was pleased to post the governance proposal on schedule on March 19. I am proud of the work of the committee, and look forward to a continued constructive dialogue on the straw proposal with the Board and stakeholders.