

Comments of the Interstate Renewable Energy Council to the California Independent System Operator's Energy Imbalance Market Governance Proposal

The Interstate Renewable Energy Council (IREC) appreciates this opportunity to comment on the California Independent System Operator's (CAISO) Energy Imbalance Market Governance Proposal.

Without doubt the governance structure of the proposed EIM will be one of its most critical components and will determine to a large extent whether the EIM is able to broaden its base and expand outside of the currently envisioned CAISO/Pacificorps footprint. IREC would very much like to see a sound and successful EIM eventually operate with the participation of multiple states in the West, as nearly every study conducted to date has demonstrated the benefits of an EIM to nearly every state and most Balancing Authorities, particularly where the EIM is broadly inclusive. Key to bringing multiple states and BA's into the EIM will be the degree to which those states and entities view the governance structure as inclusive of their interests. As such, IREC appreciates the focus that CAISO has placed in its proposal on geographic diversity and we recommend through our comments heightening that focus further.

Regional diversity should be given additional weight on the Transitional Committee

Great care should be taken by the ISO Board when making its selection to appoint a Transitional Committee that is as widely representative of all regions where the EIM may eventually operate as possible. To this end, the ISO should consider expanding the Board to nine Members in order to accommodate one additional public interest group member and one additional state agency member. In having a single member from each of these categories, the ISO may fail to incorporate adequate geographic diversity into its Transitional Committee and governance structure. By increasing the number of state agencies and public interest representatives, the ISO almost ensures that multiple states outside of the CAISO footprint will be represented, increasing the chances of expanding the overall footprint of the EIM by encouraging the participation of non-CAISO states. Maintaining a nine member committee would, like a seven member committee, also allow for a voting regime that avoids having to institute a tie breaking mechanism.

Some Transitional Committee meetings should be held outside CAISO footprint

The ISO and the Transitional Committee should endeavor to occasionally hold meetings outside of the CAISO and Pacificorp footprint in order to encourage additional Balancing Authorities to join the EIM, and to offer visibility into the EIM effort to state regulators and stakeholders whose understanding and approval of the EIM effort will be necessary in order for expansion to occur.

CAISO should conduct aggressive outreach to state commissions, Governors and stakeholders

In order to ensure that the Committee has a diverse and representative membership, the ISO should initiate a communications effort that makes state Commissioners, their staffs, state Energy Officers, and other non-CAISO stakeholders aware of the existence of the opportunity to serve on the Transitional Committee, in addition to the EIM Proposal itself. Each PUC and Energy Office in the West should be aware of the opportunity to help shape the direction of this important new market. In doing so, the ISO betters its chances of widening the scope of the EIM beyond the currently envisioned market.

About IREC

IREC enables greater use of clean energy in a sustainable way by (i) introducing regulatory policy innovations that empower consumers and support a transition to a sustainable energy future, (ii) removing technical constraints to distributed energy resource integration, and (iii) developing and coordinating national strategies and policy guidance to provide consistency on these policies centered on best practices and solid research. The scope of IREC's work includes:

- Expanding programs that facilitate consumers' ability to host a renewable energy system to directly self-supply energy needs or sell energy
- Updating interconnection processes to facilitate deployment of distributed energy resources under high deployment scenarios
- Incorporating renewable energy resource growth into utility distribution system planning and operations
- Ensuring realistic assumptions about the growth and cost effectiveness of renewable energy resources are reflected in resource and transmission planning

Respectfully submitted on behalf of the Interstate Renewable Energy Council, Inc. this 6th day of September, 2013 by:

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