



September 8, 2015

**Re: PacifiCorp's Comments on the EIM Transitional Committee's Final Proposal
for Long-Term Governance of the Energy Imbalance Market**

Dear ISO Board of Governors:

On August 25, 2015, the EIM Transitional Committee ("Committee") voted unanimously to submit the Final Proposal for Long-Term Governance of the Energy Imbalance Market ("EIM") to the ISO Board of Governors for approval at the September 17, 2015, Board of Governors meeting. PacifiCorp submits this letter in support of the Final Proposal and recommends that the ISO Board of Governors vote to approve the Final Proposal.

PacifiCorp wishes to express its sincere appreciation to the rest of the Committee and all of the stakeholders that have committed time and resources in the development of the Final Proposal, including the submission of comments and the attendance at meetings. This effort is fundamental to the ability of the EIM to deliver substantial benefits throughout the West to a broad array of regional participants. PacifiCorp is pleased that the stakeholder process has been a meaningful experience; notably, the Committee most recently took into consideration 27 sets of written comments on the Draft Final Proposal in the development of the Final Proposal. PacifiCorp also encourages continued engagement by stakeholders as work continues on this important effort. Board approval will allow the ISO to proceed with critical next steps, including development of bylaw amendments and a charter for creation of the EIM governing body and formation of the EIM governing body itself, including selection of the nominating committee, engagement of an executive search firm for candidate identification, and, ultimately, the development of a slate of candidates for the ISO Board of Governors' consideration.

PacifiCorp recommends that the ISO Board of Governors approve the Final Proposal for implementation by the ISO and highlights the following key features that PacifiCorp believes are of significant value to stakeholders with an interest in EIM governance and the development and expansion of regional markets as a whole:

- With respect to basic governance structure, PacifiCorp strongly supports the Committee's proposal that the EIM governing body will follow procedures and policies of the ISO's Board of Governors. This should streamline the amount of time and effort stakeholders will need to expend to understand, engage in and follow the process.
- PacifiCorp supports the Final Proposal nominating and selection process, including the nominating committee structure, term limits, candidate identification process, and voting procedure to select the candidate slate for the EIM governing body. PacifiCorp agrees that the nominating committee should choose the best candidates available nationwide, but that a significant consideration of area of expertise should be knowledge of Western electric systems and markets. PacifiCorp believes the Final Proposal strikes the appropriate balance in this area.



- PacifiCorp supports the Committee’s proposal on the EIM governing body’s scope of authority. Specifically, PacifiCorp agrees with the Committee’s recommendation that the ISO Board should delegate “primary authority” to the EIM governing body for all market rules that apply uniquely or differently to EIM balancing authority areas and that such delegation be done through an amendment to the bylaws. PacifiCorp agrees with the proposal to present any tariff changes approved by the EIM governing body, using its primary authority, to the ISO Board as part of its consent agenda for approval. PacifiCorp also supports having a formal advisory role for the EIM governing body on generally applicable ISO rules that could impact the success of the EIM. In addition, the proposal’s approach for handling hybrid initiatives is a useful compromise to ensure that both the ISO Board and the EIM governing body play a role in important policy initiatives.
- PacifiCorp supports the proposal for the establishment of a body of state regulators that will be comprised of members from the state commissions of each state in which the EIM operates. PacifiCorp agrees with the Committee’s suggestion that it should be left to the province of the regulators to shape the form and work of the body of state regulators and that the regulators’ role may evolve over time.
- With the adoption of the Regional Issues Forum in the Final Proposal, the Committee provides a reasonable compromise because it offers a forum for input and participation by entities with a diverse set of viewpoints, but such forum is not expected to displace or duplicate the ISO’s existing stakeholder process.
- PacifiCorp strongly supports the Committee’s recommendations regarding the reassessment of governance. Specifically, PacifiCorp agrees that the EIM governing body should initiate a reassessment of EIM governance no later than five years after its first meeting, and until then regularly consider whether circumstances call for an earlier reassessment. PacifiCorp believes that the existence of an EIM governing body will benefit the EIM Entities and should result in a governance structure that is responsive to market participants.

PacifiCorp recommends that the ISO Board of Governors approve the Final Proposal for implementation by the ISO management team, and looks forward to continuing to support the efforts of the Committee as it takes important next steps in the establishment of the EIM governing body.

Sincerely,



Natalie L. Hocken
Transitional Committee Member on behalf of EIM Entity PacifiCorp

cc: Steve Berberich, CEO & President, California ISO