Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the Energy Imbalance Market Draft Final Governance Proposal and Draft Charter posted on November 7. Submit comments to EIM@caiso.com. Comments are due November 25, 2013 by 5:00pm

Draft Final Governance Paper:

http://www.caiso.com/Documents/DraftFinalGovernanceProposal_EnergyImbalanceMarket.pdf

Draft Final Charter:

http://www.caiso.com/Documents/DraftFinalTransitionalCommitteeCharter_EnergyImbalanceMarket.pdf

Please provide your comments following each of the topics listed below:

1. **Do you support the change in the schedule for the sector nomination and ranking process and for establishing membership of the Transitional Committee? Please explain the basis for your views.**

Comments:

2. **Do you support the clarification of the ranking process and the qualifications for the Transitional Committee membership? Please explain the basis for your views.**

Comments:

The current charter defines seven affected sectors, but does not guarantee that all of these sectors are represented on the Transitional Committee. . The proposed structure for the EIM Transition Committee has been crafted to assure that the load of EIM entities is

substantially represented. In fact, up to three EIM entities are presupposed to have a seat on the Transitional Committee. The real-time market will consist of both California and EIM Entity load. However, there is no guarantee that *any* California load will be represented on the Transitional Committee. Since one of the purposes of the EIM market is to provide a benefit to California customers and since the costs of energy procured through the EIM will be paid not only by the load of the EIM entity but by load within the CAISO, it would seem that California load should be afforded the same representation as that provided to EIM entity load. In order to assure that the objective of diverse representation is available to the Committee, SCE believes that the California load should have the same assurance of representation on the Transition board as the EIM entities do.

3. Do you have any comments on the draft final charter? Please explain.

Comments:

4. Do you have any additional comments not covered above on the changes made in the draft final governance proposal?

Comments:

SCE is concerned that the proposal for the EIM Transitional Governance Committee inappropriately constrains the Committee's findings. Section 4.4 of the "Draft Final Governance Proposal" [page 16] states:

> …the committee *will* develop a detailed proposal for an *independent* EIM governance structure. [emphasis added]

This presupposes that an independent EIM governance structure is appropriate and would be superior to handling EIM under the current board directed stakeholder process or any other alternative structure. SCE notes that one must read section 4.4 in concert with the direction provided by section 5.2 which states:

> While the precise details of any such authority would be for the Transitional Committee to propose, some guiding principles for any such authority are set forth in the charter,

including that: 1) any such authorization must provide a meaningful and clear role for the EIM body; 2) the structure must remain nimble, to allow for efficient decision-making; and 3) the structure should encourage cooperation that will prevent dueling filings at FERC and thus would need to include a mechanism to resolve any disagreements between the EIM governance body and the ISO Board.

SCE is concerned that it may not be possible to meet all three of the criteria in section 5.2 through the implementation of an independent EIM board. The EIM Transitional Governance Committee will be best situated to evaluate the efficacy of any potential structure. However, the Draft Final Governance Proposal appears to prevent the Committee from returning any recommendation other than that of an independent board.

SCE believes it is appropriate for the Transition Committee to evaluate the matter before deciding *a priori* the appropriate form of governance.

Rather than the existing language, SCE would recommend that the Transition Committee be charged to:

1) Determine if an independent structure is necessary and feasible given the objectives of section 5.2 and if so,

2) Develop a detailed proposal for an independent EIM governance structure.