

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: The Six Cities do not oppose the proposed change in the schedule for the sector nomination and ranking process and for establishing membership of the Transitional Committee. The modest delay in the schedule as proposed in the Draft Final Governance Proposal will facilitate more effective participation in the process by interested entities.

- 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 Six Cities strongly oppose the ISO's proposal to guarantee positions on the Transitional Committee for up to three EIM Entities while providing no assurance of representation for ISO load-serving entities. The Draft Final Governance Proposal asserts that the ISO Board should have open-ended discretion to select among nominees to the Transitional Committee so as to ensure that the composition of the Committee will reflect as comprehensively as possible the wide range of interests among entities that may participate in or will be affected by the EIM. That rationale, however, is plainly inconsistent with the proposal to guarantee positions on the Transitional Committee for up to three prospective EIM Entities, and it creates an undue preference for EIM Entities and undue discrimination against load-serving entities within the ISO that will bear most of the risks associated with the implementation of the EIM.

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

Comments: As expressed in their comments on EIM governance submitted on October 25, 2013, the role of the Transitional Committee should be limited to the development of a proposal for a long-term governance structure for the EIM, and the draft final charter should be revised to remove Section IV.A. The ISO's proposal that the Transitional Committee also advise the ISO Board on such EIM matters as market simulations, early operations, testing, and implementation will serve as a distraction to the task of creating the long-term governance structure and divert resources from ensuring that there is an effective governance structure in place going forward. Moreover, assigning the Transitional Committee the role of advising the ISO Board with respect to EIM design and operational matters will unfairly elevate the influence of Transitional Committee representatives with respect to such issues. Although the ISO claims that the Transitional Committee's advisory activities are intended to supplement, rather than replace, the ISO's customary stakeholder processes, the Transitional Committee representatives clearly will have enhanced status with the ISO Staff and the ISO Board. Such preferential status is especially problematic in light of the concerns with the composition of the Transitional Committee and the favored representation of EIM Entities described in response to Item 2 above. Further, assigning two entities to handle EIM design and operations matters – the ISO and the Transitional Committee – creates a duplicate burden on stakeholders to follow two mechanisms for input on EIM design issues. The ISO's stakeholder process is the appropriate forum for consideration of market design and operational issues.

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

Comments: