



CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION

915 L STREET, SUITE 1460 • SACRAMENTO, CALIFORNIA 95814
(916) 326-5800 • (916) 326-5810 FAX • www.cmua.org

Comments of the California Municipal Utilities Association (CMUA)

Governance Review Committee Straw Proposal

The California Municipal Utilities Association appreciates the opportunity to submit these comments on the Straw Proposal to form a Governance Review Committee (GRC or Committee) to make recommendations on changes to Energy Imbalance Market (EIM).

Overall Support for the Concepts in the Straw Proposal

CMUA supports many aspects of the proposal to form the GRC, and the general procedures and principles outlined in the Straw Proposal to guide formation of the Committee.

As CMUA noted in its comments to the (cite earlier Issue Paper here), we believe the work of the EIM Governing Body to date has been admirable and appreciate the efforts of the Governing Body to perform outreach and foster a culture of robust dialogue on complex market issues. Indeed, we do not think much needs to change with respect to EIM governance. CMUA's focus is largely on the Extended Day Ahead Market ("EDAM"). As noted in the Straw Proposal, if EDAM moves forward for consideration in a stakeholder process, governance of EDAM is expected to be in the scope of the GRC. It is likely more fundamental governance changes will be discussed in the context of EDAM, as opposed to any tweaks to EIM governance as a stand alone concept. As noted in our earlier comments, CMUA's focus is on EDAM.

CMUA also supports the ultimate discretion of the Board of Governors and Governing Body to comprise the Committee to meet the objectives stated in the Draft Charter. We would recommend more specificity on the qualifications of candidates that will be utilized to make the ultimate selections, and more concrete emphasis in the Charter language on the commitment to diversity of representation within the Committee, both across sectors and geographic diversity.

In that regard, it is critical that the Committee adequately reflects both California and non-California perspectives. As EIM grows, it is tempting to focus on those areas of growth and forget that California remains a significant portion of the load served within the market footprint. EDAM will not be a success without full buy-in from California stakeholders and policy makers, and those views require appropriate representation on the Committee.

No Voting Role for Board or Governing Body

The Straw Proposal contains a role for the Board and the Governing Body on the Committee, including voting rights on any resulting recommendation. CMUA is opposed to this voting role. We do not object to representatives of the Board or the Governing Body serving on the Committee in an advisory capacity. This advisory capacity may have advantages to ensure that the Board and Governing Body are up to speed on deliberations and are knowledgeable on issues. However, a voting role on matters that will ultimately come before them for decision is inappropriate.

Time Frame for Deliberations

The Straw Proposal contains language that could be read to create an expectation that the work of the GRC will be completed in 6 to 8 months. If EDAM is ultimately not pursued, this time frame should be more than adequate. However, if EDAM governance is included in the GRC scope of work, the 6-8 month time period may not be adequate. CMUA suggests either a different time frame for GRC service, or greater flexibility in the timeframe identified in order to provide realistic expectations to both potential Committee candidates and stakeholders on the level of commitment this initiative will likely entail.

Public Power Sector Definitions and Representation

CMUA interprets the Public Power sector definition to include entities that are political subdivision of state government, and not federal entities. CMUA does not support inclusion of federal power marketing administrations (PMA) within the public power definition. The federal PMAs have very unique issues, including the dispatch of federal projects under control of third parties (other federal agencies) and subject to a host of statutory, regulatory, and contractual obligations such as flood control, recreational considerations, water delivery, and environmental regulations. California public power utilities within the CAISO are asset owners in their own right, but are largely focused on load service. These multifaceted obligations are distinguishable from any role of the PMAs. CMUA would support consideration of a new sector that could include PMAs and other neighboring systems that have an interest in EIM or EDAM, but are not currently directly exposed to market settlements and decisions.

Finally, while CMUA supports exercise of the discretion of the Board and Governing Body with respect to Committee composition, we urge that public power representation on the GRC to be broad enough to ensure California public power representation. California public power entities have invested in the CAISO systems and have been participants in the CAISO markets since start-up. The affects of regional market changes will be directly experienced by our customers, and it is essential that California public power is represented on the Committee.