

Response to Stakeholder Comments¹ on Straw Proposal and Draft Charter EIM Governance Review Committee

Draft Charter Section	Stakeholder & Comments Page #	Stakeholder Comments	CAISO Management Response
	BPA; page 3	“If appropriate, the Charter could extend provisional membership to such entities on a conditional basis (e.g., the Charter could apply an appropriate time frame limitation in which the entity must execute an Implementation Agreement to remain in the sector).”	ISO Management has not included language regarding provisional sector membership in the draft Charter. In the case that a sector member’s status changes during the sector nomination and ranking process, ISO Management foresees the sector member continue participation per their status at the time of the adoption of the charter and the onset of the sector nomination process. However, it is up to the discretion of stakeholders and their sectors to make changes if needed.
Section III.C.1	Chelan PUD; page 1	“Chelan PUD urges CAISO to revise the Governance Review Committee nomination process to provide the opportunity for Chelan to participate in a stakeholder sector.”	The ISO recognizes that by maintaining the limitation on sector participation, some entities will be excluded in the sector nomination process. However, as the GRC will conduct its work through an iterative stakeholder process, entities such as Chelan are able to remain engaged in the process by actively participating in the stakeholder process the GRC will administer. Also note the revised sector definitions in the Draft Final Proposal dated May 21, 2019.

¹ ISO has responded to many stakeholder comments within the Draft Final Proposal and draft Charter dated May 21, 2019. The comments in this matrix, organized by stakeholder, were not otherwise fully addressed in the proposal.

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Section III.B	EIM Entities (PacifiCorp, NVE, APS, PSE, PGE, IDP, Powerex, BANC, LADWP, SCL, SRP, NorthWestern); page 1	"As to timing, the EIM entities recommend waiting for the results of the feasibility assessment prior to initiating the actual review by the GRC... It would be more efficient to know a defined scope of work for the GRC, prior to launching into the substantive activities of the committee."	Included in the scope of work for the GRC is language that would allow consideration of potential governance enhancements in the event that a day-ahead market is added to the current EIM market structure if the current feasibility assessment produces a positive outcome. Although this provision does not explicitly direct the timing for when the GRC will commence its substantive work, it would allow for the GRC to move forward under the time table that this comment recommends. The draft Charter does not direct the exact timing or phasing of work in order ensure that the GRC has the flexibility to proceed in the most appropriate manner as circumstances may develop.
Section III.C.1	NRU; page 2-3	"Suggest ... the inclusion of an additional sector for federal power marketing authorities (PMAs) and permitting publicly owned utilities in the service territory of a PMA to participate in a publicly owned utility sector. This would be more appropriate than having BPA in the POU sector."	ISO Management has modified its proposal for stakeholder sector definitions to include a separate sector for Pending New EIM participants, which would include BPA. ISO Management believes these entities collectively have sufficiently consistent interests to able to perform the limited task of recommending candidates for the GRC. POUs that are within BPA's balancing authority will participate in this sector, but POUs that are outside BPA's sector will participate, where applicable, in the POU sector.

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Section III.H	PG&E; page 3	"The straw proposal and charter may wish to contemplate a process or option for removal of a GRC member by their nominating sector (this clause would only be invoked should a GRC member change employment status or the entity they represent change sector status during the term of their GRC service), The decision to rescind and replace a nominee could occur, for example, by a super majority vote of the remaining members of the sector, with the affected individual/organization recused from voting."	As discussed in the ISO's May 21 Draft Final Proposal, individual members of the GRC will not be charged with representing the interests of an individual sector in their work on the Committee and will instead be tasked with developing a consensus proposal that considers the comments and input that all stakeholders may provide during the open stakeholder process. In light of this role, ISO management does not believe that a member of the GRC would need to be removed if their employment status or the sector status of their employer changes while they serve on the GRC. The draft Charter allows the EIM Governing Body and the Board to remove a GRC member if that individual is unable to perform the duties required under the Charter.
Section III.C.2	PIO (CEERT, EDF, NRDC, NW Energy Coalition, Renewable Northwest, Western Grid Group, and Western Resource Advocates); page 4	"One option would require the CAISO to publicly post the aggregated final slate of nominees (but not the rankings) at the time the slate is made available to the CAISO by the stakeholder sectors, and well before the EIM Governing Body and the CAISO Board of Governors seat the GRC. Another option is to require the Nominating Committee sector liaisons to share the results of their sector deliberations with other sectors. Yet another option could involve a reporting requirement placed on both boards, justifying their appointments to the GRC and specifically, how those appointments satisfy the requirements established by the GRC's final charter, including the need for diverse stakeholder representation."	As discussed in the ISO's May 21 Draft Final Proposal, ISO management has not adopted the proposal to publicly post or distribute the rankings each sector gives to the list of nominees for the GRC out of concern for the privacy interests of potential nominees.

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Section III.C.2	PIO (CEERT, EDF, NRDC, NW Energy Coalition, Renewable Northwest, Western Grid Group, and Western Resource Advocates); page 4-5	“Recommend that rather than making a hybrid, primary or advisory determination regarding the EIM Governing Body’s role in approving the GRC’s final recommendations, that the EIM Governing Body and the CAISO Board of Governors have joint decision making authority over the GRC’s final recommendations (just as both boards will jointly decide on the final composition of the GRC). Under this scenario, PIOs envision that approval of the GRC’s final recommendations would require a simple majority vote of both boards.”	The draft Charter provides that the EIM Governing Body and the Board will be jointly responsible for appointing and overseeing the work of the GRC. In order to meet its obligations under California corporate law, the Board of Governors must retain authority over the ultimate governance of the corporation, which includes any potential changes to ISO governance proposed by the GRC. Although this formal division is required by law, the view of the EIM Governing Body on any potential changes will be critically important and most likely dispositive as to whether any proposal would be implemented.
Section III.C	PPC; page 2	“Providing specifically for at least one representative from the BOSR guarantees representation for rate payers of Investor Owned Utilities. Commensurate representation on behalf of rate payers of publicly owned utilities is not guaranteed. This inequity is consistent with inequities embedded in the current EIM governance structure that should be revised during the governance review discussion.”	As discussed in the ISO's May 21 paper, the ISO is recommending that the BOSR member of the GRC will serve in a non-voting, advisory role.

<p>Section III.C.1</p>	<p>PPC; page 3</p>	<p>"Public power is diverse and only having a representative from public power within the CAISO BA is insufficient. To ensure proper public power representation, the CAISO Board of Governors and the EIM Governing Body should take these differences into account in making its final selection from the slate of nominees."</p>	<p>As discussed in the ISO's May 21 paper presenting the Draft Final Proposal, individual members of the GRC will not be charged with representing the interests of an individual sector in their work on the Committee and will instead be tasked with developing a consensus proposal that considers the comments and input that all stakeholders may provide during the open stakeholder process. Although the draft Charter does not set any prescriptive requirements regarding the number of members that should be from any given sector or location, it does direct the Board and the EIM Governing Body to develop a GRC that is geographically diverse and reflects a broad range of stakeholder and industry sectors.</p>
<p>Section III.C.1</p>	<p>Public Advocates Office; page 2</p>	<p>"Recommends that the EIM-GRC include a representative from the Consumer Advocates sector separate and apart from the Public Interest Groups sector."</p>	<p>ISO Management believes the current proposal language for the GRC is sufficient and supports the discretion of stakeholders, the EIM Governing Body and the Board of ensuring that there is diverse representation.</p>
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<p>Section III.F</p>	<p>Public Advocates Office; page 3</p>	<p>"Recommends authorizing funds from the EIM administrative charges to reimburse EIM-GRC meeting travel costs."</p>	<p>As was the case for the Transitional Committee, the ISO is not proposing to cover travel costs for members of the GRC. The GRC will exist only for a short period of time, so the amount of travel will be limited. It is further expected that the GRC will include teleconference capabilities for each of its meetings, which will further minimize travel expense.</p>

Section IV.B	Public Advocates Office; page 3	"Recommends allowing selected EIM-GRC representatives to designate a proxy who is authorized to participate in EIM-GRC meetings and vote on EIM-GRC items if the selected EIM-GRC representative is not available."	To ensure the continuity of the GRC and the engagement of its members, ISO management has not included a provision allowing individual members to delegate their responsibilities to another individual. This is consistent with how the Transitional Committee operated.
Section III.C.1	Publicly Owned Utilities (POU); page 2	"The structure of the GRC will be essential to a successful EIM governance review and should allow for adequate representation of all key stakeholders. In particular, a GRC that reflects the diversity of Western POU's would be highly beneficial to the governance review process and outcomes."	ISO Management believes the current proposal language for the GRC is sufficient and supports the discretion of stakeholders, the EIM Governing Body and the Board of in ensuring that there is diverse representation.