

WESTERN ENERGY IMBALANCE MARKET

Decision on EIM Governance Review Committee Part Two Draft Final Proposal


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EIM Governance Review Committee

General Session

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The Board and EIM Governing Body asked the Governance Review Committee to develop proposed revisions to the current EIM governance structure

- Strive to develop a consensus proposal that has the support of all members
- Present to the EIM Governing Body and ISO Board of Governors a proposal for their review and consideration

The GRC submitted Part One of the Proposal in May

- Part One Draft Final Proposal addressed all topics except delegation of authority
 - Submitted to the Board and EIM Governing Body for their consideration in May
 - Approved and implemented
- The remaining issues concern the delegation of authority to the EIM Governing Body
 - If approved, would submit Part Two Draft Final Proposal to the Board and EIM Governing Body for their consideration in August

The GRC developed its Part Two Proposal through an iterative process

- During the work on Part One, stakeholders commented on three papers that addressed the delegation
 - January 2020: Scoping Paper
 - July 2020: Straw Proposal
 - December 2020: Revised Straw Proposal
- During the work on Part Two, stakeholders commented on two further refinements
 - May 2021: Straw Proposal – Delegation of Authority Issues
 - August 2021: Part Two Draft Final Proposal


Part Two Draft Final Proposal: Overview

- If adopted, this proposal suggests a joint authority model that would expand the scope of issues over which the EIM Governing Body holds formal approval authority
- It provides strong incentives for both bodies to resolve any differences of opinion before going to FERC
- Dispute resolution process recognizes some circumstances may require filing without joint approval and provides the EIM Governing Body the ability to provide opinion in the FERC filing
- Enhances the durability of delegation



The proposal would expand the scope and type of issues over which the EIM Governing Body has formal approval authority

- Scope of joint authority includes proposals to change or establish any ISO tariff rule(s) **applicable to** the EIM Entity balancing authority areas, EIM Entities, or other market participants within the EIM Entity balancing authority areas in their capacity as participants in EIM.
- Excludes from joint authority proposals to change or establish tariff rule(s) **applicable only to** the ISO balancing authority area or to ISO-controlled grid.



The new joint authority would be exercised in joint meetings of the two bodies

- Board and EIM Governing Body must each approve by a majority vote any proposal within their joint authority
- Generally, decisions under joint authority would be decided at joint meetings held in Folsom and throughout market footprint

The EIM Governing Body would continue to provide advisory input to the Board

- EIM Governing Body would have the ability to advise the Board on any proposed changes to rules of the real-time market that are not within joint authority
- Board may request an advisory opinion from the EIM Governing Body on matters it believes substantially affect the operation of the ISO market

Proposed process when the Board and the EIM Governing Body do not reach the same decision about an initiative

- At least two attempts to find a mutually-agreeable proposal
- As a last resort, the Board may authorize a FERC filing if the Board, by unanimous vote, makes a finding of impasse and that the proposed revision to the tariff is critical to preserve reliability or protect market integrity
 - ISO is required to include whatever written opinion or statement the EIM Governing Body may offer
 - EIM Governing Body would be able to retain outside counsel in preparing opinion/statement

Classifying initiatives as joint authority or advisory: the collaborative process currently in place should be maintained, with one revision

- If the Chair of the Board and Chair of the EIM Governing Body do not agree on a proposed classification, the GRC recommends continuing the process through which both bodies meet to resolve the classification
- If either the Board or the EIM Governing Body has fewer members present than the other body, weighted voting would apply such that each body has five votes

The proposal includes four measures to enhance the durability of the delegation of authority

- Any changes to the EIM Governing Body's delegated authority require a unanimous vote of the Board
- The Board should consider any advisory input from EIM Governing Body, the Regional Issues Forum, or the Body of State Regulators
- A 45-day period for the Board and EIM Governing Body to work out any differences before the Board votes
- A notice period for implementing any change that is equal in length to the notice period that EIM entities may have for withdrawing from the EIM market (currently 180 days)



These durability requirements would not apply if certain criteria are met

- EIM Entities representing 75% or more of the net energy for load in the EIM outside of the ISO balancing authority area have given notice of their intent to withdraw
- Board has the ability, by unanimous vote, to revert the delegation of authority back to its original scope without waiting for the 45-day and 180-day periods to elapse

Stakeholders generally support the recommendations and content of Part Two Draft Final Proposal

- Considerable support for GRC's scope of authority proposal
- Few commenters seek limited refinements or clarification

Helpful links

EIM Governance Review Committee information

<https://www.westerneim.com/Pages/Governance/GovernanceReviewCommittee.aspx>

EIM Governance Review Initiative webpage

<https://stakeholdercenter.caiso.com/StakeholderInitiatives/Western-EIM-governance-review>

EIM Governance Review Committee Part One Draft Final Proposal

http://www.caiso.com/InitiativeDocuments/PartOneDraftFinalProposal_EIMGovernanceReview.pdf

EIM Governance Review Committee Part Two Draft Final Proposal

<http://www.caiso.com/InitiativeDocuments/Decision-EIM-Governance-Review-Committee-Part-Two-Draft-Final-Proposal-July-19-2021.pdf>