Discussion and presentation of Draft Straw Proposal

EIM Governance Review Committee
General Session
August 7, 2020
Agenda

• Public comment
• Decision on May 5, 2020 General Session Minutes
• Introduction
• Review GRC’s principles
• Review recommendations
  – Issue 1: Delegation of Authority
  – Issue 2: Selection of Governing Body Members
  – Issue 3: Stakeholder Engagement
  – Issue 4: Other Areas of Governing Body Involvement
  – Issue 5: Governing Body Mission Statement
  – Issue 6: Other Potential Topics
• Next Steps
The straw proposal seeks feedback about the committee’s recommendations and other issues it identifies.

- Six broad categories of issues about governance
- Recommendations based on experience of the committee and stakeholder comments on the January 29 scoping paper
- GRC encourages feedback on all aspects of the straw proposal
The GRC identified an overarching goal and a set of general principles that the GRC will use to guide its work.

- Establish a clear and common understanding in evaluating stakeholder responses, developing work products and straw proposals
- Identified additional factors to consider in connection with evaluating the various alternatives
ISSUE 1: THE DELEGATION OF AUTHORITY FOR MARKET RULES TO THE GOVERNING BODY, THE DECISIONAL CLASSIFICATION PROCESS, AND DURABILITY
For the delegation of authority, the GRC recommends a “joint authority” model in EIM or EDAM scenario.

- Both the Board and Governing Body must approve an initiative within joint scope
- Each body votes separately
  - Majority of each required
- Joint meetings when feasible
The scope of joint authority depends on whether EDAM moves ahead.

- EIM only: joint authority over all real-time market rules
- With EDAM: joint authority over all real-time and day-ahead market rules
- Propose implementation of EIM only before EDAM goes live
What if a proposal is not approved by both bodies?

- Iterative process to resolve deadlock
- Both bodies could send issue back to staff for further work with stakeholders
- Two remands to staff to resolve, last resort would be filing two proposals at FERC
Durability: How could this delegation of authority be changed?

- By unanimous vote of Board
- With sufficient notice of the effective date
- The notice period for implementing any proposed change would be equal in length to the exit period
  - E.g., with a 180-day withdrawal period required for EIM Entities to exit, then delegation changes would be effective in no less than 180 days, unless waived by both the Board and Governing Body
Western EIM Governance Review Committee Member Rob Taylor

ISSUE 2: SELECTION OF GOVERNING BODY MEMBERS
The GRC recommends three changes to improve the current process for selecting members regardless of whether EDAM goes forward.

• Give public interest - consumer advocate representative a vote on the nominating committee
• Permit a 60-day “holdover period” for Governing Body members
• Specify diverse qualities sought
Western EIM Governance Review Committee Members
Jennifer Gardner and Commissioner Kristine Raper

ISSUE 3: GOVERNING BODY MEETINGS AND ENGAGEMENT WITH STAKEHOLDERS
Rather than creating a formal stakeholder or member committee, the GRC recommends modifying the current RIF.

- Remove limitations on discussing issues that are in active stakeholder processes
- Retain open meeting process with all stakeholders allowed to participate
- May share directly with the Governing Body or CAISO staff any consensus opinions on matters that are part of an ongoing CAISO stakeholder process
- Develop a transparent process for establishing consensus positions and definition of what constitutes a consensus
For efficiency reasons, the GRC does not support creating an entire new advisory body for consumer-owned utilities and power marketing agencies.

- Considerable resources required to develop, maintain and support such a body
- Support the concept of consumer-owned utilities and power marketing agencies having non-voting liaisons to the Body of State Regulators
ISSUE 4: OTHER POTENTIAL AREAS FOR GOVERNING BODY INVOLVEMENT
The GRC considered whether to propose changes to the Roadmap process that would require a vote of approval from the Governing Body, the Board, or both.

- Recommends CAISO continue the current roadmap process
- Requiring formal approval would negatively impact flexibility, efficiency and productivity
- Encourage CAISO management to explain reasoning behind its decisions about the relative priority of possible initiatives
The GRC proposes an increased role for the Governing Body with respect to DMM and the MSC.

- Advisory (non-voting) role on DMM Oversight Committee
- Joint authority with Board in approving members of the MSC
If EDAM goes forward, the GRC recommends contracting with outside market expert to provide advice to Governing Body.

- Selected and managed by the Governing Body
- Will have access to CAISO data
  - Conduct its own analysis, not rely on CAISO staff
- Not involved in market monitoring
- Re-evaluate in no more than 5 years
The GRC agrees that there would be value in funding the BOSR, but makes no recommendation on a specific mechanism.

- Agrees there is value in greater technical expertise to support BOSR members so it can participate in policy initiatives
- Seeks stakeholder input on funding mechanism
Western EIM Governance Review Committee Member
Suzanne Cooper

ISSUE 5: GOVERNING BODY MISSION STATEMENT
The GRC believes the mission statement is sound as currently drafted and seems generally appropriate for EIM and for a future market that may include EDAM.

- No recommendations at this time
- Reserves further recommendations until more specifics about the proposed EDAM market design are known
- Seeks feedback on any potential modifications, both in context of EIM and for a potential EDAM
ISSUE 6: OTHER POTENTIAL TOPICS FOR CONSIDERATION
Additional recommendations include a re-evaluation of governance framework and a schedule for completing GRC work.

- Submit draft final proposal by Q1 2021
- Assessment if additional governance changes needed prior to final approval of EDAM market design by GRC
- Re-evaluation after 5 years
Next Steps

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<tr>
<th>Date:</th>
<th>Activity:</th>
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<tbody>
<tr>
<td>July 31, 2020</td>
<td>Straw proposal posted</td>
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<tr>
<td>August 7, 2020</td>
<td>EIM GRC General Session meeting</td>
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<tr>
<td>August 28, 2020</td>
<td>Comments due</td>
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<tr>
<td>September 15, 2020</td>
<td>EIM GRC General Session meeting to discuss straw proposal comments</td>
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Important – *Please review new process for submitting comments*

- Submit comments using the new commenting tool. A link to submit comments will be available on the EIM GRC initiative webpage by Aug 10.
- Please contact isostakeholderaffairs@caiso.com if you have any questions about the new process.