

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide written comments on the EIM Governance straw proposal posted on March 19, 2015.

[Please submit comments to EIM@caiso.com](mailto:EIM@caiso.com) by close of business April 16, 2015

The straw proposal is available on the ISO website at:

http://www.caiso.com/Documents/StrawProposal-LongTermGovernance_EnergyImbalanceMarket.pdf

The slides presented during the March 31, 2015 stakeholder meeting are available at:

http://www.caiso.com/Documents/Agenda_EnergyImbalanceMarketGovernance-StrawProposal.pdf

The EIM Transitional Committee welcomes and appreciates stakeholder feedback related to the straw proposal for the EIM Governance initiative. Please use the following template to comment on the key topics addressed in the proposal:

Structure - composition of the Nominating Committee, composition of the EIM governing body, and process for selecting members.

Comment:

The requirement that the nominating committee must submit a slate of five candidates to the CAISO board for the initial EIM governing body for approval or rejection as a whole – an ‘up or down’ voting process (p. 16) might result in inefficiency, as one candidate’s potential unsuitability, for whatever reason, would cause the rejection of the other four candidates. ORA recommends the consideration of submitting individual candidates for approval to avoid this potential inefficiency.

Scope of authority – scope of authority, including whether it is appropriate and workable, the examples of issues that would fall within the primary and secondary authority of the EIM governing body, and process for resolving disagreements about the particular proposed rule changes or the scope of authority generally.

Comment:

The Straw Proposal’s delineation of market rules that would apply uniquely or differently to the EIM (p. 19) appears appropriate, including market rules related to the rate design for EIM transfers, EIM participation requirements, and under and overscheduling penalties in the EIM.

The final proposal should clearly explain the procedures for including any EIM tariff amendment proposal approved by the EIM board, on the consent agenda for the next meeting of the ISO board (p. 20), including the CAISO staff positions responsible for this task. The final proposal should also clarify what would constitute a majority of the CAISO board in the context of voting to further consider any tariff amendment proposal that the EIM board has approved (p. 20). In the absence of specific clarification, it appears likely that the Transitional Committee envisions a simple majority, but the final proposal should define the majority needed to further consider an EIM board-approved tariff amendment.

Documentation – documentation of these arrangements in the ISO’s bylaws and a charter from the ISO Board of Governors, and mission of the EIM governing body that would be identified in its charter

Comment: ORA has no comments on this issue at this time.

Committee of regulators – composition, including the balance of representation between state commissions and public power, and role of the committee

Comment:

Page 25 of the Straw Proposal states that “[w]hen regulators do in fact have an interest on a given issue, this advisory committee would offer a vehicle through which the regulators could express any common position.” The final proposal should include detailed procedures for forwarding the positions of the regulators committee to the CAISO Board and to receive feedback from the CAISO Board.

The Straw Proposal includes the requirement (p. 25) that, “[f]or state regulators, only commissioners themselves would be eligible for regulatory committee service.” This requirement may limit the ability of the regulators committee to achieve its intended purpose, as state regulatory commissioners generally have many competing demands and priorities. Experienced staff from these commissions may be better equipped to engage in the CAISO’s stakeholder processes, so the final proposal should allow a state commissioner to delegate authority to a staff person to participate in and represent the commissioner at the regulators committee.

<p>Trigger for re-evaluating EIM governance</p>
<p>Comment:</p> <p>ORA recommends that the Transitional Committee consider the following conditions when developing a list of triggering conditions that may require re-evaluating EIM governance:</p> <p>Load and generation capacity served by EIM, number of utilities participating in the EIM, transmission capacity that can be used for the EIM transactions, and number of states participating in the EIM.</p> <p>ORA also recommends that the Transitional Committee consider grouping triggering conditions based on commonalities (i.e. triggering conditions such as number of EIM entities, number of states and number of utilities in one potential group and load and generation capacity triggers in another potential group). These groups could be tiered or ordered based on the potential that their occurrence would require a fundamental governance change. The purpose of this recommendation is to ensure that revision of the EIM governance model is not triggered too frequently in order to provide the assurance of stability to balancing authorities considering EIM membership.</p>
<p>Criteria for evaluating proposals – to revise and simplify the criteria for evaluating governance proposals, as reflected in the appendix</p>
<p>Comment: ORA has no comments on this issue at this time.</p>
<p>Miscellaneous items – Please provide comments to other aspects of the straw proposal or governance related issues here.</p>
<p>ORA supports the Straw Proposal’s use of a governance model that is independent from the CAISO, but works closely with the CAISO board, and has decision making authority to “shape market rules within its primary authority while directly influencing other rules through a formal advisory role” (p. 11). This model would allow market participants to exit the EIM at no cost (p.14), which protects EIM market participants from rules that negatively impact them and should operate to encourage the EIM board to implement rules that take into account the interests of all EIM market participants.</p>