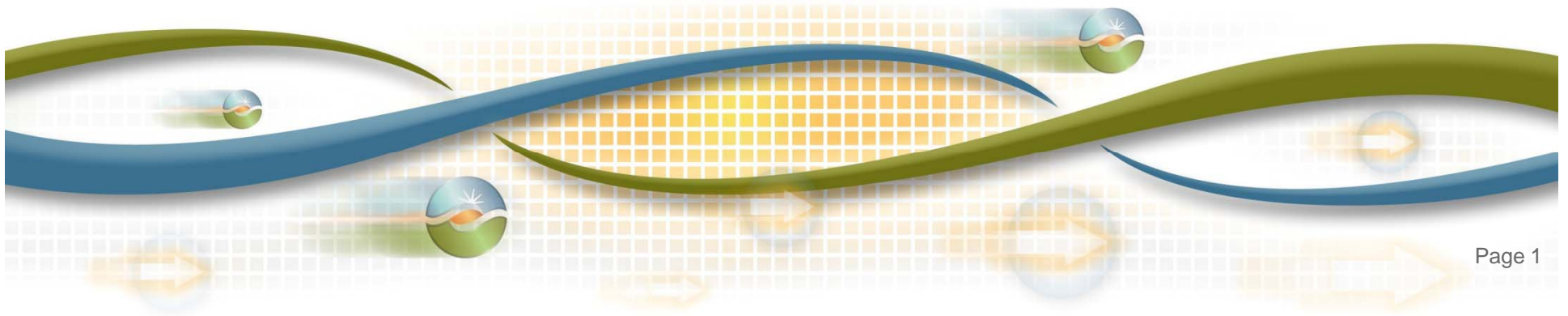




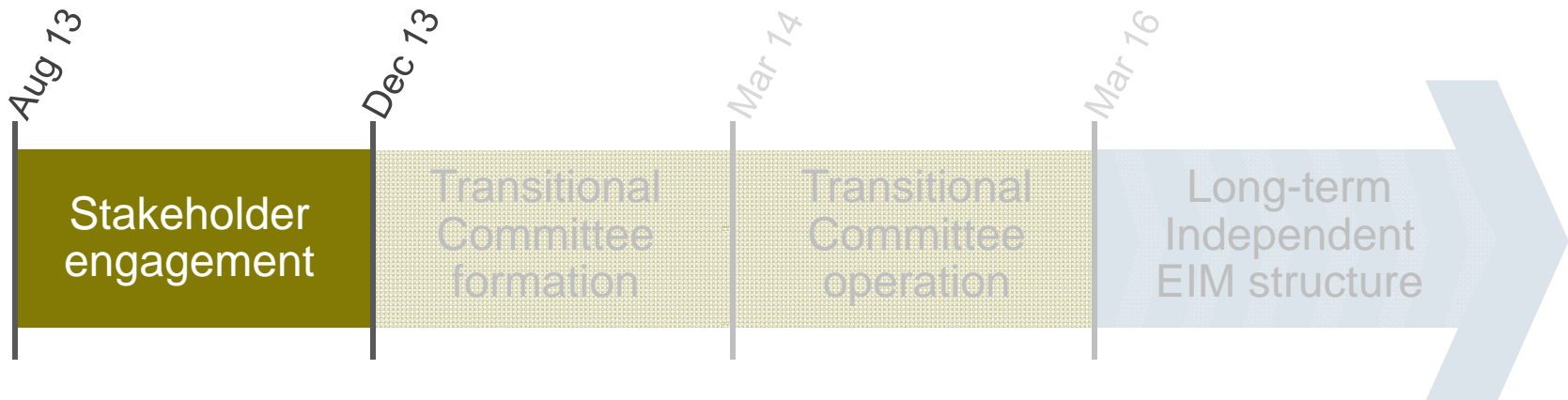
California ISO
Shaping a Renewed Future

Energy Imbalance Market Governance Proposal

Market Participant Conference Call
October 11, 2013



Stakeholder engagement schedule



- Aug 20 Portland Stakeholder meeting
- Sep 6 Stakeholder comments due
- Oct 4 Revised proposal and draft charter published
- Oct 11 Stakeholder conference call
- Oct 25 Stakeholder comments due
- Nov 7 Publish draft final proposal and charter
- Nov 14 Stakeholder conference call
- Nov 25 Stakeholder comments due
- Dec 18 Seek ISO Board approval of committee and charter



The ISO has posted revised governance paper, charter, and responses to market participant comments

Revised Governance Paper:

<http://www.caiso.com/Documents/RevisedGovernanceProposal-WhitePaper-EnergyImbalanceMarket.pdf>

Draft Charter:

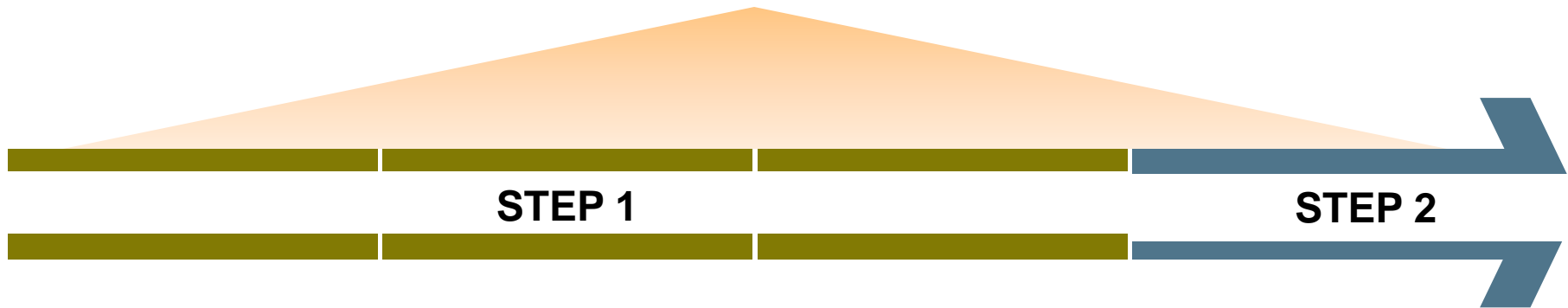
<http://www.caiso.com/Documents/TransitionalCommitteeDraftCharter-EnergyImbalanceMarket.pdf>

Stakeholder Comments Matrix:

<http://www.caiso.com/Documents/CommentsMatrix-EnergyImbalanceMarketGovernanceProposal.pdf>

Guiding objectives drive long-term independent EIM

Prompt & direct input
Adaptable structure
Promote successful implementation



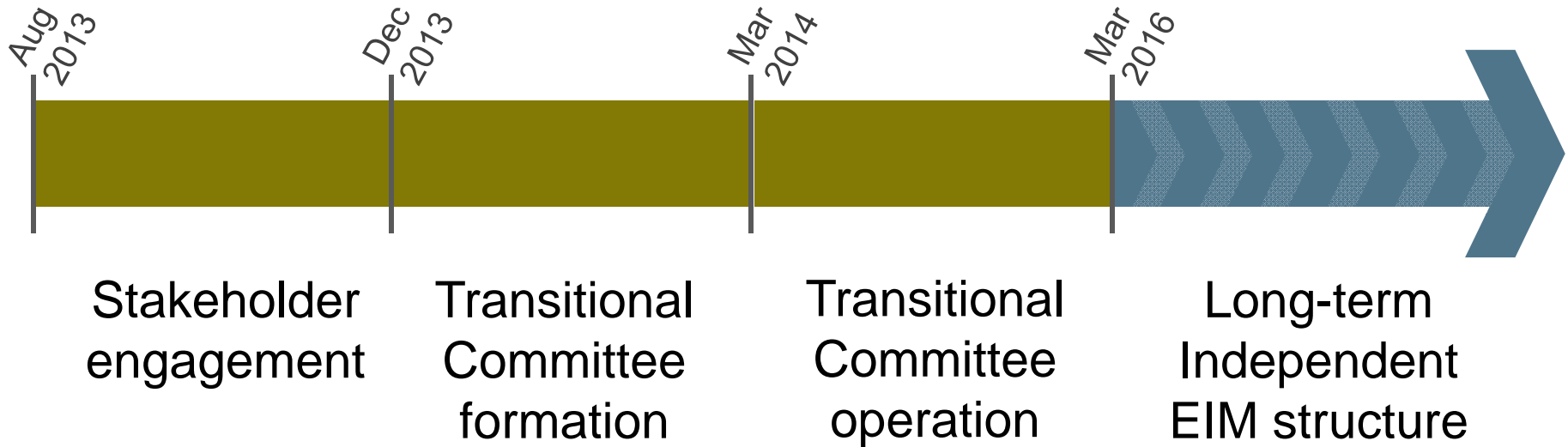
Stakeholder Transitional Committee

Roles:

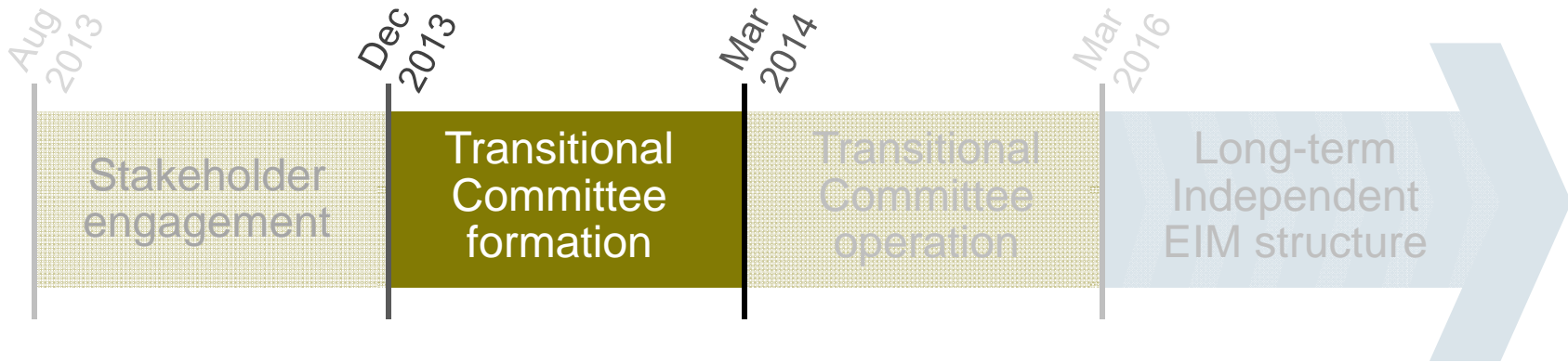
- Advise on EIM matters
- Propose independent EIM structure

Independent
EIM structure

EIM governance approach



Nomination and ranking process



- Qualifying criteria:**
- Industry and market experience and excellence
 - Geographical diversity

Stakeholder comments and ISO responses (1 of 4)

Stakeholder comment	ISO response
Split government agencies and public interest groups	There are now 7 sectors including a sector for government agencies and one for public interest groups
The Transitional Committee needs more than 7 members	Transitional Committee is expanded from 7 to 9 seats, with possible growth to 11
The experience requirement involving participation in ISO markets since 2009 is too restrictive	This restriction is removed. We will seek entities in the Western Interconnection with a specific interest in EIM

Stakeholder comments and ISO responses (2 of 4)

Stakeholder comment	ISO response
Differing positions over long-term independence, some wanting greater independence, some wanting less, others asking we not pre-judge outcome	This will be the value and primary contribution of the Transitional Committee
Honor sector nominations vs. board discretion in selection	The ISO board is tasked with seating a Transitional Committee that will succeed, including experience diversity, sector diversity, and geographical diversity

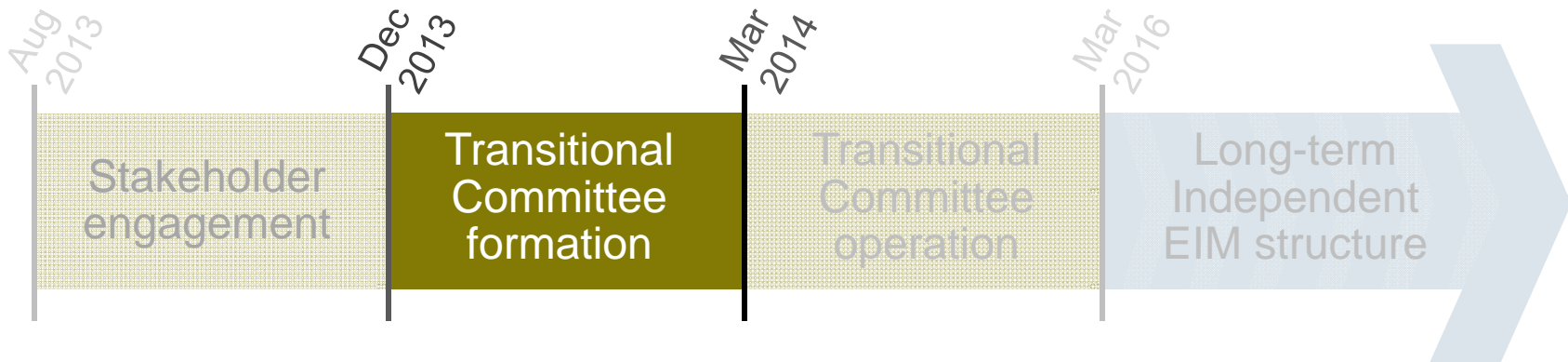
Stakeholder comments and ISO responses (3 of 4)

Stakeholder comment	ISO response
<p>Numerous comments about interaction of Transitional Committee, ISO board, and stakeholder process:</p>	
<ul style="list-style-type: none"> • Install Transitional Committee earlier to engage on market design 	<p>The ISO EIM design stakeholder process just concluded. The Transitional Committee will serve an important advisory role during market simulation, early EIM operation and tracking of operational metrics</p>
<ul style="list-style-type: none"> • Difficult for Transitional Committee members to serve both roles outlined for the committee 	<p>The Transitional Committee will operate an open stakeholder process and can draw on other resources and expertise, as necessary</p>
<ul style="list-style-type: none"> • Transitional Committee must be open and transparent 	<p>Charter requires that the Transitional Committee follow an open transparent process similar to ISO process</p>
<ul style="list-style-type: none"> • Expand ISO admin, liaison 	<p>Role expanded and clarified in revised white paper and charter</p>

Stakeholder comments and ISO responses (4 of 4)

Stakeholder comment	ISO response
Authority of ISO to create advisory committee to the Board, and have that committee make recommendations to the Board	The ISO bylaws grant authority to create advisory committee to advise on any matters relevant to its mission. The work of the Transitional Committee will be open transparent process
Is modification of California statute or FERC approval required?	Creation of Transitional Committee does not require change in CA statute or FERC tariff authority. Any proposed governance structure considered or recommended by the Transitional Committee would need to be studied for its impact on CA statute and FERC Section 205 authority

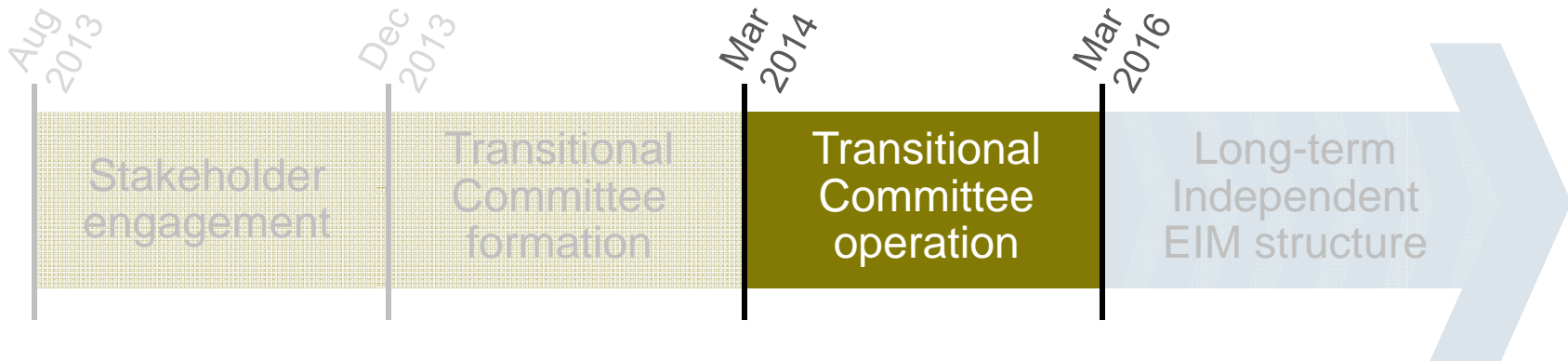
Nomination and ranking process



Sectors

- Investor owned utilities
- Publicly owned utilities
- Generators and marketers
- Alternative energy providers
- EIM participants
- Government agencies
- Public interest entities

Transitional Committee operation



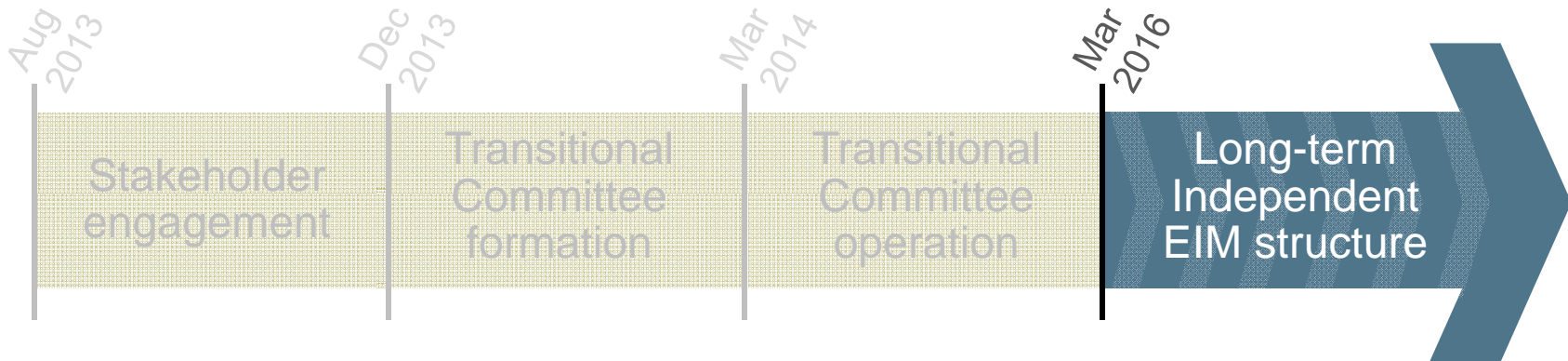
Structure

- Stakeholder advisory committee
- 9 members including an EIM Entity
- Possible growth to 11 members with additional EIM Entities

General Operation

- Open meetings with stakeholder comment and review
- ISO staff support
- No compensation or reimbursement

Long-term independent EIM structure



- Independent membership
- Specific delegated authority
- Transitional Committee will propose details of:
 - Structure
 - Number & qualifications of members
 - Membership term
 - Selection process
 - Decision process

Next Steps

Please submit comments on the template
provided to EIM@caiso.com
by October 25, 2013.



Questions