



Eugene Water & Electric Board

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VIA EMAIL

To: EIM Transitional Committee

From: Dave Churchman, Power Operations Manager

Date: 1/26/2015

Subject: Conceptual Models for Governing the Energy Imbalance Market

The Eugene Water & Electric Board (EWEB), founded in 1911, is Oregon's largest customer-owned utility and provides electricity and water to more than 86,000 homes, business, schools and other customers in Eugene, Oregon. EWEB owns a diverse portfolio of hydro, wind and biomass and is a Bonneville Power Administration Slice/Block customer.

EWEB has a long term purchased power agreement for a portion of the output of the Stateline wind farm located in the PacifiCorp West Balancing Area, and is subject to the terms of the PacifiCorp tariff. Additionally, EWEB and PacifiCorp have a direct interconnection at the McKenzie substation. As a customer within the PacifiCorp service territory and as an active participant in the NWPP SCED process, EWEB has a direct interest in the governance structure of the Energy Imbalance Market.

EWEB appreciates the opportunity to provide feedback on the range of alternatives proposed in the Committee's issue paper and commends the Transition Committee for its work to date and for its solicitation of feedback throughout the region. Our objectives include operating within markets that are fair, competitive, robust, and cost effective. We are concerned that the current governance model does not encourage robust voluntary participation in the EIM, thereby limiting the potential benefits to market participants and ancillary service customers in the EIM footprint. As a purchaser of power within the PAC EIM boundary, a governance model that ultimately reports to the California ISO is unpalatable as it creates an opportunity for bias between the California ISO and the broader market participants within the EIM market. Therefore, EWEB believes an autonomous structure is the most likely to be successful both in terms of ongoing operations, as well as its ability to attract new participants.

Due to impending changes in the Western markets, speed of action is critical and delaying changes to the governance structure may have long term implications that limit widespread participation in the EIM. Therefore, we urge the Committee to take definitive action as quickly as possible to move towards increased independence.

EWEB recommends a phased approach in which the Transitional Committee moves expeditiously to implement a governing board with delegated scope while committing to move to a fully independent and autonomous organization in a rational and cost effective manner. This approach provides the opportunity for CAISO to work through issues in an orderly and efficient

manner to create a cost effective structure, while immediately improving the governance model. EWEB believes that it is imperative that the committee commit to a cost effective, independent structure as the ultimate objective. While maintaining independence of governance, EWEB encourages the Transitional Committee to leverage the existing infrastructure currently in place to minimize costs of the EIM.

During the transition phase, we encourage the committee to engage stakeholders that are reflective of the diverse geographical and functional roles of the membership in the market footprint, including those within the public power community. To the extent that the board is comprised of independent members, we recommend the creation of a stakeholder group and vibrant stakeholder process to provide ongoing input to the independent, autonomous board.

Thank you for the opportunity to provide input on this issue.