

Stakeholder Comments Template

Submitted by	Company	Date Submitted
Nancy Baker 825 NE Multnomah Str., Suite 1225 Portland, OR 97232 503 595 9770	Public Power Council	April 16, 2015

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:

Comments

Dear Ladies and Gentlemen:

Thank you for the opportunity to comment on the Transitional Committee's Straw Proposal for Long-Term Governance of the Energy Imbalance Market dated March 19, 2015 (Straw Proposal). Public Power Council (PPC)¹ provided comments on the Committee's issue paper setting out potential governance models in January 2015. We noted in our comments that we strongly believe that an independent EIM entity remains the only viable course for EIM governance in the long term because the ISO Board of

¹ PPC is a trade organization that represents common interests of the municipal utilities, electrical cooperatives and public utility districts that are preference power customers of the Bonneville Power Administration. Many of PPC's members are located outside of the BPA balancing authority area, including with the balancing areas of PacifiCorp, Puget Sound Energy and NV Energy.

Governors owes a legal obligation to benefit California consumers and that its obligations will inherently conflict with the interests of consumers in other states.

In its Straw Proposal the Committee has opted for what it believes is the pragmatic choice: a “EIM governing body” comprised of five independent members that would have delegated authority to formally advise the ISO Board on potential modifications to EIM market rules. The Straw Proposal also would establish a committee of state regulators, including comparable representatives of public power entities that would advise both the EIM governing body and the ISO Board on EIM matters. PPC appreciates the difficulty of the Committee’s task to address the governance challenges of a multi-state organized market and the concerns that attend ISO Board governance of the EIM. We also appreciate the Committee’s move toward addressing concerns that PPC and others expressed regarding the representation of public power regulators and utilities in a governance structure.

We do not believe, however, that the Straw Proposal provides the level of independence required to make governance of the EIM a multi-state endeavor that will create confidence that it has unencumbered and equitable multi-state focus. As set out in the Straw Proposal, the EIM governing body remains subordinate to the ISO Board and its legal obligations. It is an advisory body only and has neither independent staff nor the ability to take independent action. The committee members would be approved by the ISO Board and compensated by the ISO, which would have control over the amount of compensation.

Additionally, we note that a goal of the committee would be to reduce costs to maintain “favorable cost/benefit ratios.” While this is obviously important overall, it is important that this be maintained for all of the EIM entities. Critically, neither this nor the other goals speak to the equitable allocation of benefits among the EIM entities or their customers. Allocation of benefits is influenced by market rules and is a key attribute of market value. Ultimately, there is no indication in the proposed goals or scope of authority that the EIM governing body is charged with any obligation to promote the creation of benefits that do not accrue to California consumers. Our concern remains that the EIM governing body, as a body or committee within the ISO, could be viewed as legally bound by the same obligations as the ISO Board.

Thank you again for the opportunity to comment. While we believe that the governance proposal shows commendable effort regarding how to lodge the EIM within the ISO structure, it does not create an entity with sufficient authority or independence from the ISO Board, staff and legal obligations. We strongly urge the Transitional Committee and ISO Board to consider alternatives that would be most successful in accommodating Western interests outside the State of California.

Structure - composition of the Nominating Committee, composition of the EIM governing body, and process for selecting members.
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:
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:
Committee of regulators – composition, including the balance of representation between state commissions and public power, and role of the committee
Comment:
Trigger for re-evaluating EIM governance
Comment:
Criteria for evaluating proposals – to revise and simplify the criteria for evaluating governance proposals, as reflected in the appendix
Comment:
Miscellaneous items – Please provide comments to other aspects of the straw proposal or governance related issues here.