

**Date:** December 11, 2013

**To:** Board of Governors  
California Independent System Operator  
250 Outcropping Way  
Folsom, CA 95630

**From:** Commissioners Travis Kavulla (MT) & Mike Florio (CA),  
Public Utility Commissioner's EIM Working Group (PUC EIM Group)  
President Michael Peevey, California Public Utilities Commission

**Re:** **Joint Letter Supporting CAISO's EIM Efforts**

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Dear CAISO Board of Governors,

We write you today on behalf of our organizations in support of the efforts of the CAISO in the development of an EIM that includes California and additional states in the Western interconnection.

The PUC EIM Group, facilitated by the Western Interstate Energy Board, was formed in late 2011 to investigate issues surrounding an EIM, including the potential costs and benefits to ratepayers, and to foster a multi-state dialogue between regulators and the industry. The Group includes utility commissioners from Arizona, California, Colorado, Idaho, Montana, New Mexico, Nevada, Oregon, South Dakota, Utah, Washington, and Wyoming. A primary objective of the Group is to support development of strategies to optimize the efficiency and performance of the electric grid via well-informed and thoughtful collaboration that considers the interests of a broad variety of stakeholders.

The PUC EIM Group and the California Public Utilities Commission thank the CAISO for its open, transparent, and robust stakeholder engagement activities including its outreach, meetings, and feedback opportunities. The CAISO's strong participation with entities across the region demonstrates a clear commitment to collaboration between California and the rest of the states in the interconnection. We hope that this process will be marked by an ongoing willingness to include as market participants those transmission operators and generators from across the West who wish to be involved in an EIM.

We especially appreciate the focus on the development of a short-term EIM governance structure that represents a broad range of stakeholders across the interconnection. When the Transitional Committee for the EIM is formed, we hope it will include a broad range of leaders with proven experience, and ample sector and geographic diversity.

Ultimately, the success of a regional EIM depends on a governance structure that is substantively and comprehensively independent, and separate from any one state of its market footprint. We encourage the Board and, when it is constituted, the EIM Transitional Committee to initiate the development of the long-term governance structure and to establish formal processes, milestones, and a timeline for the deployment.

We also hope that the Board will provide whatever expert assistance of CAISO staff is necessary to the Transitional Committee for the effective discharge of its duties, which includes not only the creation of a governance model but also the many important matters surrounding the start-up and initial implementation of the EIM.

Again, we strongly support regional collaboration on issues and solutions related to the challenges and opportunities facing the interconnection. We appreciate this opportunity to offer comments and look forward to continuing to engage in the process.

Sincerely,

Commissioner Travis Kavulla  
Montana Public Service Commission  
Chair, PUC EIM Group

President Michael R. Peevey  
California Public Utilities Commission

Commissioner Mike Florio  
California Public Utilities Commission  
Member, PUC EIM Group

cc: PUC EIM Group