

EIM Transitional Committee Governance Straw Proposal

Stakeholder Meeting

EIM Transitional Committee Stakeholder Working Group

March 31, 2015

Agenda

Time	Topic	Presenter
1:00 – 1:10	Introduction	Kristina Osborne
1:10 – 1:40	Discussion of Conceptual Models Identified in the Issue Paper	Carl Zichella
1:40 – 2:40	Straw Proposal for EIM Governance	Dede Hapner
2:40 – 2:50	Break	
2:50 – 3:20	Advisory Body of State Regulators and Comparable Representatives of Publicly-Owned Utilities	Tony Braun
3:20 – 3:45	Commitment to Re-evaluate Governance	Natalie Hocken
3:45 – 4:00	Wrap-up and Next Steps	Kristina Osborne

The EIM Transitional Committee is following an iterative process



Responses to issue paper can be found in straw proposal as well as provided in matrix

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Energy imbalance market governance development

The implementation of EIM necessitates that all entities, whether inside or outside California, are given a voice in the decision-making process going forward. The EIM Transitional Committee is a stakeholder body tasked with developing a long-term EIM governance structure and advising the Board on EIM issues. Through this initiative the EIM transitional committee will first evaluate; 1) the general relationship between the ISO and EIM governing body; and 2) criteria for evaluating governance proposals. Then the committee will vet its proposal for long-term EIM governance with stakeholders.

Initiative status

Policy development: in progress

Energy imbalance market governance development - relevant market notices

- Energy Imbalance Market: Straw Proposal for Governance Posted 3/19/2015 17:18
- Energy Imbalance Market Governance Straw Proposal, Meeting 3/31/15 3/10/2015 12:01
- Energy Imbalance Market Governance Initiative: Issue Paper Posted 1/05/2015 17:05

Current meeting

Meeting Mar 31, 2015

- Straw Proposal - Long-Term Governance of the Energy Imbalance Market 3/19/2015 16:36

Policy development

Energy imbalance market governance development - papers and proposals

- ISO-RTO Governance Structures - Oct 2014 10/16/2014 15:07
- ISO-RTO Committee Structures - Oct 2014 10/16/2014 15:07
- Briefing on ISO Tariff Framework - Oct 2014 10/16/2014 14:56
- Briefing on Energy Imbalance Market - Jul 1, 2014 7/01/2014 09:35
- Issue Paper - Conceptual Models for Governing the Energy Imbalance Market 3/10/2015 11:31
- Straw Proposal - Long-Term Governance of the Energy Imbalance Market 3/19/2015 16:36

Stakeholder comments

- Stakeholder comments on issue paper
 - Comments Matrix - Energy Imbalance Market Governance Issue Paper 3/23/2015 15:41
 - AP S Comments - Energy Imbalance Market Governance Issue Paper 1/27/2015 10:07
 - Avista Comments - Energy Imbalance Market Governance Issue Paper 1/26/2015 15:21
 - AWEA Comments - Energy Imbalance Market Governance Issue Paper 1/27/2015 10:08
 - Chelan PUD Comments - Energy Imbalance Market Governance Issue Paper 1/27/2015 10:08
 - CMUA Comments - Energy Imbalance Market Governance Issue Paper 1/28/2015 08:57

Comments Matrix found here

Tentative stakeholder engagement schedule

Date	Event
January 5	Issue Paper posted
January 12	Stakeholder meeting on Issue Paper
January 26	Stakeholder comments due
March 19	Committee to post Straw Proposal
March 31	Stakeholder meeting on Straw Proposal
April 16	Stakeholder comments due
April 30	Committee meeting (Folsom, CA)
Mid May	Committee to post revised or final Straw Proposal
End of May	Stakeholder meeting on revised or final Straw Proposal
Mid June	Stakeholder comments due
Mid August	Committee to post draft governance proposal



Transitional Committee appointed in May 2014

1. **Chair Rebecca Wagner**, Commissioner, Public Utilities Commission of Nevada
2. **Stephen Beuning**, Xcel Energy, Inc.
3. **Tony Braun**, Braun Blaising McLaughlin & Smith, PC (representing CA Municipal Utility Association)
4. **Dede Hapner**, Pacific Gas and Electric Company
5. **Natalie Hocken**, Representative from EIM Entity PacifiCorp
6. **Travis Kavulla**, Commissioner, Montana Public Service Commission
7. **Kevin Lynch**, Iberdrola Renewables
8. **David Mills**, Representative from EIM Entity Puget Sound Energy
9. **Mark Smith**, Calpine Corporation
10. **Walter Spansel**, Representative from EIM Entity NV Energy
11. **Robert Weisenmiller**, Chair, California Energy Commission
12. **Carl Zichella**, Natural Resources Defense Council

Working group member Carl Zichella

CONCEPTUAL MODELS IDENTIFIED IN THE ISSUE PAPER

Model	Advisory Committee	Governing Board under Bylaws	Autonomous Separate Entity
Nomination and Selection	Various stakeholder sectors identify nominees, subject to approval by the ISO Board	Various stakeholder sectors identify nominees, subject to approval by the ISO Board initially and, subsequently, the EIM board	Various stakeholder sectors and a member of the ISO Board identify nominees, subject to approval by EIM Sector Stakeholders
Scope of Authority	<u>Advisory role only</u> Make recommendations to ISO Board about proposed tariff changes and other EIM-related matters	<u>Mixture of delegated authority and advisory role</u> Have primary governing authority over the portions of the ISO tariff that address exclusively the EIM; secondary authority (advisory role to the ISO Board) over elements of the tariff that affect but are not limited to the EIM	<u>Complete rights under Section 205 to file changes to EIM tariff</u> Have full rights under Section 205 for a free standing tariff separate from the ISO tariff. To change the market rules, the EIM organization would need to file at FERC and negotiate contractual changes with the ISO
Relationship with ISO	Members have contracts with ISO and collectively serve as advisory body to ISO Board, like the Market Surveillance Committee and the Transitional Committee	Through amendment, ISO bylaws establish role of EIM board and reflect delegation of authority	No governance relationship - ISO would provide services to the EIM organization, such as running the integrated market, pursuant to a contract with the ISO
Resources/ Funding	ISO staff available to meet needs of the committee; no additional funding needed	ISO staff available to meet needs of the committee; no additional funding needed	EIM organization hires staff, procures facilities, and pays the ISO for services under a contract Recover costs through a new charge for EIM participation

The straw proposal identified the challenges and trade offs of the various models which led the committee to their recommendation

- Advisory committee model - minimal support and no incentive for participation
- Autonomous entity - new challenges and may undermine benefits
 - Dividing scope of EIM matters - tight integration of EIM and broader ISO market
 - Transferring authority - requires legal and financial changes
 - EIM market rules could diverge and upset the co-optimization

A governance model with delegated authority would offer stakeholders significant influence over market rules

- Ensures regional interests are heard
- Requires close collaboration with EIM governing body and ISO Board of Governors
- Governance should be re-evaluated as circumstances warrant

Working group member Dede Hapner

STRAW PROPOSAL FOR EIM GOVERNANCE

The ISO Board would modify bylaws to establish an EIM governing body with authority over certain EIM market rules

- EIM governing body:
 - serves as primary decision-maker on market rules specific to EIM
 - occupies advisory role on other market rules that affect EIM
 - will be individuals financially independent of stakeholders
 - promotes the success of EIM and ensures interests of participants are represented

Members of the EIM governing body would be identified by a stakeholder nominating committee.

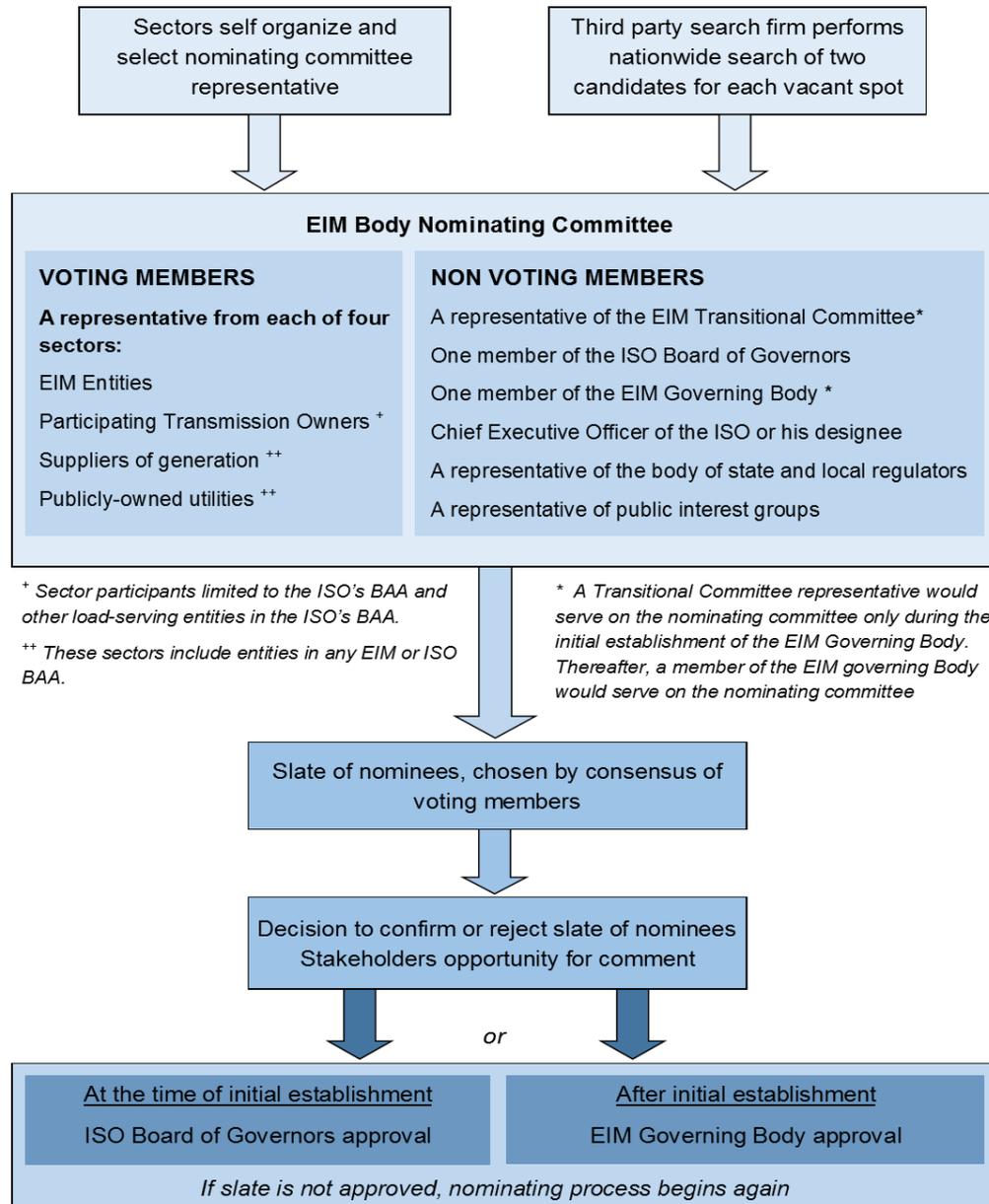
- Voting members*
 - EIM entities
 - Participating transmission owners and entities that serve load in ISO's balancing authority area
 - Suppliers of generation
 - Publicly-owned utilities

**all stakeholders from entities located within EIM footprint*

Members of the EIM governing body would be identified by a stakeholder nominating committee cont'd

- Non-Voting members
 - EIM Transitional Committee*
 - ISO Board
 - EIM governing body*
 - CEO of the ISO
 - Body of state regulators
 - Public interest groups

**Member of Transitional Committee would engage in initial establishment of committee, a member of the EIM governing body would engage in subsequent nominations.*



Scope of authority over market rules for the EIM governing body would fall into two categories, set by guidelines

1. Primary authority: EIM-specific market rules that apply uniquely to EIM and its participants or differently to the EIM and its participants than the ISO's generally applicable rules
2. Advisory role: Tariff rules that apply generically to participation in ISO's real-time market, rules that specifically govern the real-time market or rules that generally apply to any participation in ISO markets

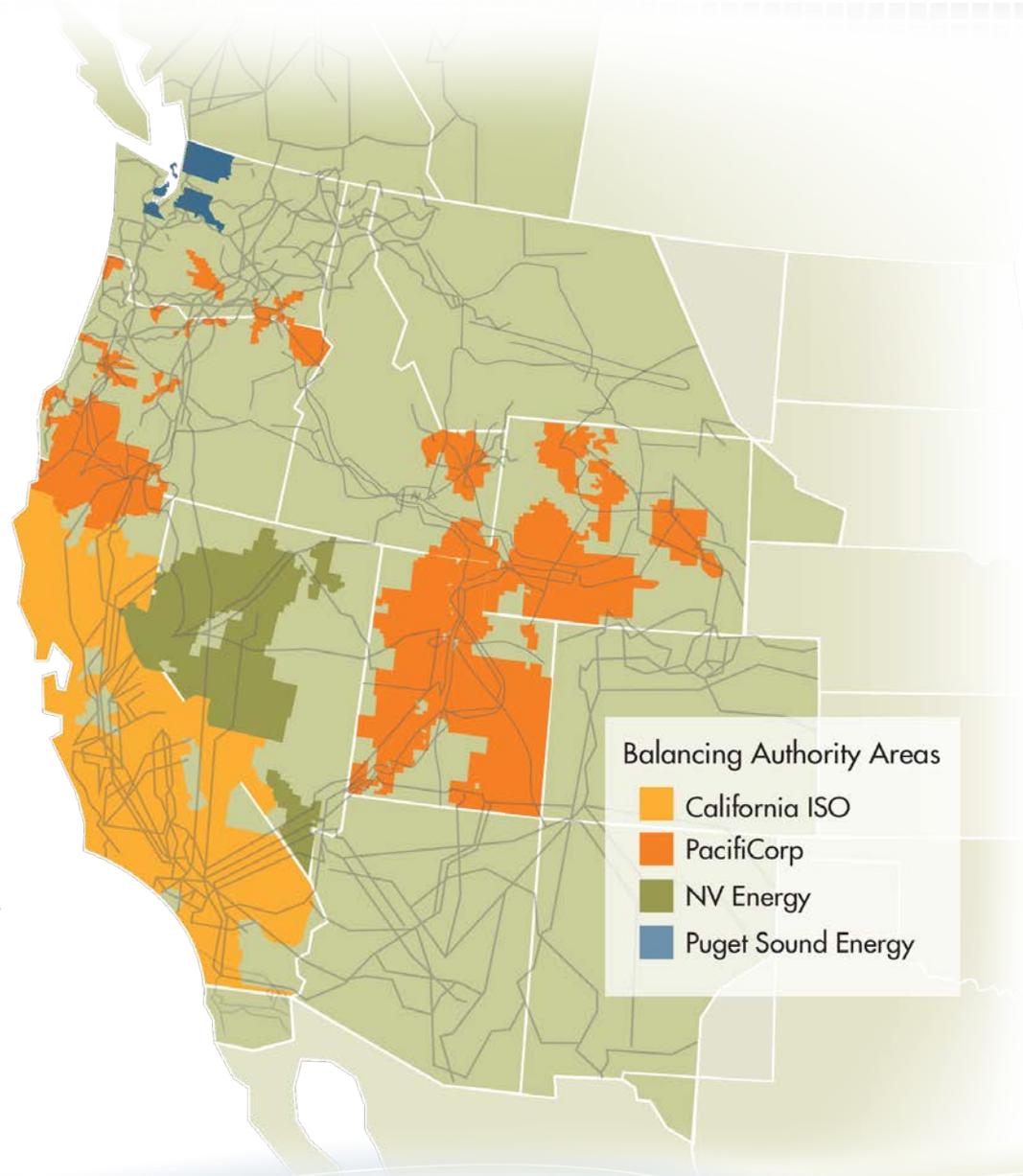
Market rules that likely would fall in the primary delegated authority category (apply uniquely or differently to EIM) include:

- Access charge and rate design for EIM transfers (reciprocity)
- Rate design for cost recovery of EIM service charges
- Basis for GHG bid adder costs
- Under- and over-scheduling penalties
- Resource sufficiency requirements (downward ramping);
- EIM participation requirements
- Economic bidding on EIM external interties

Market rules that likely would fall in the advisory role category (apply generically to real-time market) include:

- Real-time market timelines and optimization
 - hour-ahead scheduling process
 - 15-minute market or real-time dispatch
- Settlement calculations for the real-time market
 - instructed imbalance energy
 - uninstructed imbalance energy
 - real-time imbalance energy offset costs, or
 - real-time congestion offset costs
- Flexible ramping capacity product requirements
- Creditworthiness
- Settlements and billing timelines, procedures

BREAK



Working group member Tony Braun

ADVISORY BODY OF STATE REGULATORS

Committee established to advise EIM governing body and ISO Board to provide advice and input on issues of interest to those regulators

- State regulators - one representative from each state public utilities commission in which load-serving utilities participate in EIM
- Two comparable representatives of participating publicly-owned utilities located within EIM footprint

Working group member Natalie Hocken

RE-EVALUATE GOVERNANCE

EIM governance should be re-evaluated following experience and changing conditions

- Review five years after EIM governing body is established
- Committee seeking feedback on triggers for earlier review:
 - number of EIM Entities entering the market
 - number of large utilities entering the market
 - a certain overall load, or load from a certain number of states
 - the ISO adds additional functionality to the EIM
 - one or more large entities located outside of CA joins the ISO as a participating transmission owner; or
 - a decision of a similar energy imbalance market elsewhere in the western interconnection to join or merge into the EIM

Committee looks forward to response from stakeholders and has provided suggestions on areas of comment

- Structure of governing body
- Scope of authority
- Documentation
- Committee of regulators
- Triggers for re-evaluating EIM governance
- Criteria for evaluating proposals

WRAP-UP AND NEXT STEPS

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Transitional Committee meeting schedule

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March 5	Portland, OR
April 30	Folsom, CA
June 25	Reno, NV
August 25	Denver, CO
October 22	Sacramento, CA
November 19	Portland, OR

QUESTIONS?

Resources

EIM governance initiative page -

[http://www.caiso.com/informed/Pages/StakeholderProcesses/
EnergyImbalanceMarketGovernanceDevelopment.aspx](http://www.caiso.com/informed/Pages/StakeholderProcesses/EnergyImbalanceMarketGovernanceDevelopment.aspx)

EIM Transitional Committee Charter -

[http://www.caiso.com/Documents/EnergyImbalanceMarketTra
nsitionalCommitteeCharter.pdf](http://www.caiso.com/Documents/EnergyImbalanceMarketTransitionalCommitteeCharter.pdf)

Please submit comments to EIM@caiso.com
by April 16, 2015