

Decision on EIM Transitional Committee Proposal for long term EIM governance structure

Board of Governors meeting
General Session
September 17-18, 2015

The Transitional Committee was chartered with developing a governance proposal for EIM.

The Board provided the Committee with the following parameters in the Charter:

- Open and iterative stakeholder process
- Body with members independent of stakeholders
- Avoid dueling filings at FERC

Transitional Committee Chair Rebecca Wagner

Overview of the Committee's process

The Transitional Committee worked on its proposal for over a year, beginning July 2014.

- Briefings from staff
 - Legal background
 - Governance of other Independent System Operators and Regional Transmission Organizations
- Stakeholder feedback on progressively more detailed proposals
 - Conceptual issue paper
 - Straw proposal
 - Draft final proposal

The proposal benefitted from substantial stakeholder input.

DATE	BOARD or COMMITTEE EVENT	LOCATION
07/01/14	Committee meeting	Folsom, CA
08/26/14	Committee meeting	Las Vegas, NV
09/10/14	Committee meeting (Executive session only)	Teleconference
10/23/14	Committee meeting	Sacramento, CA
11/20/14	Committee meeting	San Francisco, CA
12/19/14	Committee meeting	Teleconference
01/12/15	Committee meeting and stakeholder meeting on Issue Paper Attendance: 12 in person; 41 web participants, 28 sets of comments	Phoenix, AZ
02/17/15	Committee meeting (Executive session only)	Teleconference
03/05/15	Committee meeting	Portland, OR
03/31/15	Stakeholder meeting on Straw Proposal Attendance: 14 in person; 56 web participants, 23 sets of comments	Folsom, CA
04/13/15	Committee meeting (Executive session only)	Teleconference
04/30/15	Committee meeting	Folsom, CA
06/25/15	Committee meeting and stakeholder presentation on Draft Final Proposal Attendance: 8 in person; 43 phone participants, 27 sets of comments	Reno, NV
07/20/15	Committee meeting (Executive session only)	Teleconference
08/25/15	Committee meeting (Decision on final proposal)	Folsom, CA

The primary challenge was the need to expand governance of EIM without interfering with the ISO's governance of the larger market.

- EIM is a geographic subset of the ISO's real-time market
- EIM should not be governed exclusively by State of California
- ISO Board must retain authority over general rules of real-time market (and day-ahead)

Transitional Committee member Tony Braun

Details of the Governance Proposal

The Proposal strikes a balance between competing needs by establishing a body with certain delegated authority over rules that are unique to EIM.

- “Primary authority” over rules that would not exist “but for” EIM
 - Changes must be approved by EIM governing body and by ISO Board through consent agenda
- Advisory role over general rules of real-time market that affect EIM
- Special rules for “hybrid” proposals that contain elements of both

The ISO Board would approve a charter for the EIM governing body detailing its roles and responsibilities.

- Five members, financially independent of stakeholders
 - Serve staggered three year terms
 - Limited to 3 full terms
- Obligation to promote the success of the EIM and ensure that the interests of all market participants are represented
- Receive compensation for their service

The EIM governing body would be selected by stakeholders throughout the geographic footprint of the real-time market, including EIM.

- Nominating committee includes five voting members
 - Four representatives of market participants plus a representative of the body of state regulators
- Three advisory members, including one member of the ISO Board
- Nominees subject to confirmation in an open-session meeting
 - Initial slate by ISO Board
 - Subsequent nominees by EIM governing body

The proposal establishes a body of state regulators.

- Each state utilities commission in ISO real-time market, including EIM, to appoint a representative
- Periodic meetings held in conjunction with an existing forum
- ISO to reimburse travel costs
- Educate state regulators about the EIM
- Regulators could voice opinions as a group

The Regional Issues Forum would be a discussion of issues relating to EIM.

- Three times annually
- Meetings open to public
- Led by ten stakeholder liaisons selected by sectors
 - Include representatives of neighbors that have not joined EIM
 - Bear own expenses – ISO would not fund travel

Transitional Committee ISO Liaison Stacey Crowley

Next Steps

If approved by Board, implementation would begin immediately

- Development of bylaw amendments and charter to create EIM governing body
 - Staff would come back to ISO Board for approval
- ISO to engage a search firm
- Stakeholder sectors select representatives to nominating committee
- Identify candidates and develop slate for ISO board consideration
- Establish EIM governing body and begin its operation