

Stakeholder process: Energy imbalance market governance proposal

Summary of submitted comments

Stakeholders submitted three rounds of written comments to the ISO on the following dates:

- Round One, 9/6/13
- Round Two, 10/25/13
- Round Three, 11/25/13

Stakeholder comments were received from 29 entities across the West: Alliance for Retail Energy Markets, Arizona Public Service Company, Balancing Authority of Northern California, California Municipal Utilities Association, California Public Utilities Commission, Grant County PUD, Iberdrola Renewables, Interstate Renewable Energy Council, Marin Energy Authority, Natural Resources Defense Council, NW Energy Coalition, PacifiCorp, Pacific Gas & Electric, Portland General Electric Company, Powerex Corp., PUC EIM Group, Renewable Northwest Project, Southern California Edison, Six Cities, Salt River Project, Sacramento Municipal Utility District, TransAlta Corporation, Transmission Agency of Northern California, Turlock Irrigation District, Valley Electric Corp., Western Area Power Administration, Western Power Trading Forum, Western Resource Advocates, and Xcel Energy.

Stakeholder comments are posted at:

<http://www.caiso.com/informed/Pages/StakeholderProcesses/EnergyImbalanceMarket.aspx>

Other stakeholder efforts include:

- Stakeholder meeting, 8/20/13
- Stakeholder call, 10/11/13
- Stakeholder call, 11/14/13

	Management proposal 1: Role of transitional committee		Management response
	Advise on EIM implementation	Development of independent EIM governance structure	
APS	Support	Support	<p>Although the transitional committee may share its views with the Board on matters related to the final testing and early operational phases of EIM, this role is advisory in nature and is intended to supplement, not supplant, the ISO's existing stakeholder processes for EIM implementation.</p> <p>Moreover, unlike the process for developing a long-term governance proposal, the transitional committee is not expected to undertake its own formal stakeholder process in connection with providing input on issues relating to the start-up and early operation of EIM, as this would be duplicative of existing stakeholder processes.</p> <p>The ISO will use the term "final testing and early operational phase" throughout the Committee Charter to properly describe the initial advisory role of the transitional committee.</p> <p>An objective of the transitional committee is to develop a proposal for an independent EIM governance body based, in part, on experience</p>
BANC	Because transitional committee won't be seated until after key design issues are resolved, concerned that they will lack the opportunity to have a meaningful say on market issues.	No comment	
CMUA	Current stakeholder process should be the venue for implementation issues, believes committee will be consumed with governance issues	Opposes their understanding that Draft Final Proposal requires that a separate EIM Governance structure be developed. Proposes there should be no constraint on the structure that the committee recommends.	
CPUC	No comment	Governance proposal should be developed through the ISO's normal stakeholder process and presented by CAISO management, with input provided by the Transitional Committee.	
Grant County	The transitional committee should be formed in advance of the tariff filing in order for it to exercise any sort of governance during EIM development.	Supports development of independent EIM governance structure	
Iberdrola	Support	Support	
IREC	Support	Support	
NRDC	Support	Support	
NWEC	Generally support	Generally support	
PacifiCorp	Support with recommended changes.	Cautions against predetermining any particular independent governance model in the governance proposal.	
PG&E	Support	Do not pre-ordain the outcome as a transition toward a permanent independent governance structure.	
PGE	Generally support. Unclear whether the ISO Board has any real obligation to consider and act on the advice of the transitional committee	Generally support. Unclear whether the ISO Board has any real obligation to consider and act on the advice of the transitional committee. Ensure independent structure does not result in fundamental changes to the EIM structure developed through the stakeholder	

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	Management proposal 1: Role of transitional committee		Management response
	Advise on EIM implementation	Development of independent EIM governance structure	
		process.	<p>and knowledge gained during the initial phase. The current proposal intentionally avoids prescribing the specifics of this future structure to allow such decisions to be informed by the work of the transitional committee, the members' experience and qualifications, and the experience gained through EIM operation, all through an open process.</p> <p>As EIM and the transitional committee work progresses, the committee and stakeholders may propose changes to the governance charter and the ISO Board has the ability to adopt changes.</p>
Powerex	Generally support	Supports efforts to develop a permanent and independent governance structure as quickly as possible rather than two years after the EIM is implemented.	
PUC-EIM	Support, encourage Board and transitional committee to diligently develop implementation strategies that support ease of entry for additional entities.	Support, critical to have an EIM governing entity that is substantively and comprehensively independent from the ISO Board. Governor appointed Board is not workable long-term for the EIM.	
RNP	Support	Support	
SCE	Support	Supports the ISO in not prejudging the outcome of the transitional committee's work but has concerns that the proposal may inappropriately constrain the committee's findings.	
Six Cities	Oppose, should be limited to development of long term governance structure. Believes that the committee will have enhanced status with the ISO staff and Board.	Support, role of the transitional committee should be limited to the development of a proposal for a long-term governance structure for the EIM.	
SMUD	By the time the transitional committee is slated to begin operation the market design will be approved by the ISO Board and the tariff changes will have been submitted to FERC for approval.	Request details as to the stakeholder process for the development of the long-term governance structure. To ensure the long-term governance proposal reflects the input of all interested parties, the transitional committee should be required to develop its proposal through an open stakeholder process.	
TANC	No comment	Request ISO provide additional information regarding the role of the EIM transitional committee and the ISO Board regarding the development, selection, and ultimate function of the independent governance.	
TID	Support	Support	
TransAlta	Support	Generally support	
VEA	Support	Support	
WPTF	Background needed to provide input on start-up, design, and implementation are not necessarily the	Generally support	

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	same skills best suited to develop a governance structure. Suggest ISO establish two committees.		
WRA	Background needed to provide input on start-up, design, and implementation are not necessarily the same skills best suited to develop a governance structure. Suggest ISO establish two committees.	Generally support. However, the background needed to provide input on start-up, design, and implementation are not necessarily the same skills best suited to develop a governance structure. Suggest ISO establish two committees.	
Xcel	No comment	Generally supportive. The resulting governance structure should not provide ISO market participants with a second venue to address market issues within the ISO.	

	Management Proposal 2: Transitional committee membership		Management response
	Sector representation	Geographic diversity	
APS	Believes each sector should be represented by two members on the transitional committee	No comment	
AReM	Doesn't believe energy service providers are included within current definition of generator or marketer sector. Sector definitions exclude energy service providers.	No comment	The goal is to seat a transitional committee that is a diverse, well-qualified group that can promote the objectives of a successful EIM, and provide meaningful input to the ISO Board on a governance structure going forward that will suit all interested entities. The transitional committee is not intended to be a committee in which each member represents the interest of one particular sector.
BANC	The transitional committee should have sector representation.	No comment	
CMUA	Proposal should guarantee selection of California load serving entities.	No comment	
CPUC	Oppose, each sector should be guaranteed one seat.	Support	
Grant County	No comment	Support, but believe that EIM participants should have a real measure of control over the rules surrounding their participation.	
Iberdrola	Support	Support	The ISO Board will have discretion in

	Management Proposal 2: Transitional committee membership		Management response
	Sector representation	Geographic diversity	
IREC	Support sectors, but concerned that proposal doesn't require that Board select one member from each sector.	Support, but should be given additional weight.	<p>establishing the overall composition of the transitional committee. As stated above, the transitional committee membership demands high competencies and nominees that bring the necessary expertise to successfully fulfill this role, not just the representation of a specific sector. The Board will also seek a diversity in the membership that will represent the broad and diverse interests of entities in the West.</p> <p>The ISO will modify the existing definition of Generators and Marketers to specify that it includes energy service providers and community choice aggregators as defined in the California Public Utilities Code.</p>
MEA	Oppose, definitions exclude community choice aggregators and energy service providers.	No comment	
PacifiCorp	Believe that no two transitional committee members from the ranked list of candidates provided by the stakeholder sectors be from the same corporation or affiliated group. Transitional committee participation should be limited to entities that have a direct interest in the EIM.	Support. Charter should call for a geographically diverse set of nominees.	
PG&E	Oppose, guarantee positions on the transitional committee for ISO participating transmission owners and load serving entities commensurate with their exposure to market risks and uplifts, desire to achieve efficiencies on behalf of their customers, and their inability to exit the market in under two years.	Neutral. Inclusion of non-committed or non-participating stakeholders on the transitional committee simply to reflect WECC-wide geographic diversity is inappropriate.	
PGE	Should be additional controls built into process to ensure the appointment of a transitional committee that represents a diversity of viewpoints.	No comment	
Powerex	No comment	Generally support	
PUC-EIM	Support	Support	
RNP	No comment	Support	
SCE	California load serving entities should be afforded the same representation as that provided to EIM entities. Not advocating a designated seat on the transitional committee, simply voicing a concern that the ISO Board should consider when applying its discretion in selecting committee members.	No comment	
Six Cities	Opposes proposal to guarantee positions on the transitional committee for EIM entities while providing no assurance of representation for ISO LSEs	Generally support	

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	Management Proposal 2: Transitional committee membership		Management response
	Sector representation	Geographic diversity	
SMUD	Oppose, prefer each sector is represented.	No comment	
SRP	Oppose, recommend that each sector be represented.	No comment	
VEA	No comment	Support, propose that at least one member of the transitional committee be from Nevada.	
WAPA	Nomination and appointment process should be open, fair and transparent	No comment	
WPTF	No comment	Support	
WRA	Supports non-sector specific representation, recommends open nomination process.	No comment	
Xcel	No comment	Support	

	Management Proposal 3: Legal authority			Management response
	ISO Board authority	State statutory authority	Tariff authority	
CMUA	No comment	ISO should provide confirmation that the transitional committee's role is legally appropriate for an advisory committee.	No comment	<p>The ISO's initial review of relevant legal authorities indicates that the ISO Board may delegate certain aspects of Section 205 authority, subject to FERC approval. The specific legal requirements will depend upon the precise long-term governance structure proposed.</p> <p>Additionally, any need to review potential changes to California statutes can be examined during the course of the transitional committee's work. The ISO is committed to</p>
CPUC	Questioned authority to create advisory committee	No comment	No comment	
PacifiCorp	No comment	No Comment	Prompt corrective action may be necessary on any EIM market issue and therefore, the Board and the EIM governance body should have a mechanism to discuss issues and resolve any disagreements prior to submitting a request for regulatory approval to FERC.	

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	Management Proposal 3: Legal authority			Management response
	ISO Board authority	State statutory authority	Tariff authority	
Powerex	Unclear that the ISO Board has the authority to take such actions.	ISO should seek and issue a legal opinion regarding the authority of the ISO to take the actions contemplated in the Governance Proposal without additional enabling legislation.	No comment	providing legal analysis and guidance as to any governance structure the transitional committee considers.
PUC-EIM	Consider establishing a committee of state regulators to advise and intervene on EIM tariff matters of state regulatory interest.	Provide legal analysis that supports the development of an independent EIM governing entity within the framework of California statute.	Provide legal analysis that supports the development of an independent EIM governing entity within the framework of federal statute and FERC precedent.	
SCE	No comment	No comment	Provide additional information regarding FERC requirements that ISO Board delegate authority over EIM.	
WPTF	No comment	No comment	The extent to which the ISO will cede section 205 filing rights on the tariff needs to be explicitly established up front.	