

Board of Governors
California Independent System Operator
P.O. Box 639014
Folsom, CA 95763-9014

Dear Board of Governors,

The Interstate Renewable Energy Council, Inc. (IREC) appreciates this opportunity to write in support of approval of the proposed Energy Imbalance Market (EIM).

IREC is a national non-profit organization whose goal is to enable greater use of clean energy in a sustainable way by (i) introducing regulatory policy innovations that empower consumers and support a transition to a sustainable energy future, (ii) removing technical constraints to renewable energy resource integration, and (iii) developing and coordinating national strategies and policy guidance to provide consistency on these policies centered on best practices and solid research.

IREC has monitored the development of the EIM proposal over the last several months and participated in the stakeholder meeting held in Phoenix, AZ. We are encouraged by the CAISO's inclusive approach and willingness to address the concerns of the broader region. Furthermore, we believe the proposed market design has improved greatly as a result of the stakeholder process and strongly aligns with each of the CAISO's strategic objectives, namely:

- Lead the transition to renewable energy,
- Reliably manage the grid during industry transformation
- Expand regional collaboration to unlock mutual benefits

For instance, the proposal supports the transition to renewable energy by providing an effective tool to help manage the variability of wind and solar resources. The ability to smooth power flows in real time helps overcome fundamental hurdles to a highly renewable future by lowering integration costs.

The EIM also enhances reliable management of the grid by providing additional visibility of the system. This notion has been supported by the FFERC. Meanwhile, additional system visibility is of paramount concern in the wake of the Sept 8th, 2011 blackout.

The EIM proposal also enhances regional collaboration by leveraging CAISO's unique position as the sole provider of real-time energy markets in the Western Interconnection. If implemented, the EIM would represent a significant step towards more standardization and transparency in the Western grid, which has been historically plagued by balkanized, overly complex transmission operations.

While regional governance will always be a difficult subject, CAISO's attention and dedication to this topic has produced a proposal that we believe will make it easy for broad adoption across the West. The structure, which relies on CAISO's existing platform, offers a low-cost opportunity to expand the EIM. This offers flexibility to market participants, making it easy for new entities to join the EIM or leave as needed. The governance structure also gives stakeholders outside of California a voice in the market.

Finally, in recent months, numerous studies have emerged that illustrate the significant benefits of the EIM concept. It is abundantly clear that the EIM has the potential to extend the CAISO's market efficiencies to the broader region, providing substantial savings to ratepayers in California and elsewhere.

In summary, the time for study and deliberation is over, and the time for implementation has arrived. We urge the Board's approval so that the West can collectively achieve the significant benefits that EIM offers.

Sincerely,

Kris Mayes (on behalf of Interstate Renewable Energy Council, Inc.)

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