

## Stakeholder Comments Template

Submitted by	Company	Date Submitted
Commissioner Travis Kavulla (MT) PUC EIM Group, Chair tkavulla@mt.gov 406-444-6166.	PUC EIM Group	October 25, 2013

Please use this template to provide your comments on the Energy Imbalance Market Revised Governance Proposal and Draft Charter posted on October 4. Submit comments to [EIM@caiso.com](mailto:EIM@caiso.com). **Comments are due October 25, 2013 by 5:00pm**

Revised Governance Paper:

<http://www.caiso.com/Documents/RevisedGovernanceProposal-WhitePaper-EnergyImbalanceMarket.pdf>

Draft Charter:

<http://www.caiso.com/Documents/TransitionalCommitteeDraftCharter-EnergyImbalanceMarket.pdf>

### 1. Do you support the sector definitions and the nomination and ranking process for the Transitional Committee? Please explain the basis for your views.

Yes, the PUC EIM Group supports the sector definitions, the nomination process, and the ranking process. The PUC EIM Group fully supports the CAISO's objective of seating a Transitional Committee with appropriate experience, sector diversity, geographic diversity, and leadership ability.

The PUC EIM Group reiterates that the credibility of the Transitional Committee will depend on its geographic and sector diversity. The potential expansion of the EIM will be in large part dependent upon the acceptance of the EIM governance by a broad range of stakeholders in the Western interconnection. A lack of diversity would undermine open discussions about EIM matters, and would likely lead to disputed work products. The PUC

EIM Group agrees that specifications that would limit the maximum and minimum number of representatives from a particular area or a particular sector are not as helpful as applying judiciousness and foresight to the selection of the Transitional Committee members.

**2. Do you support the roles identified for the Transitional Committee and the decision-making processes for the committee outlined in the revised governance proposal and draft charter? Please explain the basis for your views.**

With regard to the Transitional Committee role of advising the Board on matters related to the start-up and initial implementation of the EIM, the PUC EIM Group urges the Board and the Transitional Committee to diligently develop implementation strategies that support ease of entry for additional entities.

With regard to the development by the Transitional Committee of a long-term EIM governance structure, the PUC EIM Group stresses that it is critical to have an EIM governing entity that is substantively and comprehensively independent from the California Governor-appointed CAISO Board.

From a legal perspective, the PUC EIM Group urges the CAISO to provide in the next governance proposal an analysis of the following:

- A. The ability of the CAISO to implement an independent EIM governing entity within the constraints of California statute. Legal analysis supporting that California statute does not require modification for the type of EIM governance envisioned would be beneficial to the EIM efforts. The PUC EIM Group encourages the CAISO to provide to stakeholders a clearly articulated and appropriately cited legal analysis that supports the development of an independent EIM governing entity within the framework of California statute.
- B. The ability of the CAISO to delegate authority to an independent EIM governing entity under Section 205. The PUC EIM Group is not aware of a situation where an RTO has spun-off what is in essence a separate organized market, for the limited purpose of real-time dispatch, which is both wider in its geographic footprint and also unavoidably intertwined with the more complex RTO. The CAISO may want to consider requesting a declaratory order from FERC at the same time the initial tariff language for the EIM is filed. Similar to our comments in section 2.A. of this document, the PUC EIM Group encourages the CAISO to provide to stakeholders a clearly articulated and appropriately cited legal analysis that supports the development of an independent EIM governing entity within the framework of federal statute and FERC precedent.

The CAISO has indicated that the analysis contemplated above could be conducted in tandem with the work of the Transitional Committee. However, inasmuch as the governance proposal articulates clearly a terminal goal of an independent EIM governance structure, it would be useful to conduct and make public the legal analysis sooner rather than later.

**3. Do you have any comments on the draft charter? Please explain.**

Included in comments on item #2.

**4. Do you have any additional comments not covered above on the changes made in the revised governance proposal?**

No additional comments.