

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide written comments on the draft final proposal for the EIM Governance posted on June 22, 2015.

Please submit comments to EIM@caiso.com by close of business July 9, 2015

Arizona Public Service Company (“APS”) appreciates the opportunity to provide comment on the EIM Transitional Committee’s Draft Final Proposal Long-Term Governance of the Energy Imbalance Market issued June 22, 2015 (“Draft Proposal”). APS is supportive of the overall direction and approach that the Transitional Committee (“TC”) has taken in the adoption of an EIM governing body with delegated authority related to EIM specific issues. APS offers the following comments and request for clarifications.

1. Basics of the EIM governing body
Comment: Term Limits APS would like to see the incorporation of term limits for governing body members. There is value in bringing new ideas, perspectives, and diversity to the EIM governing body. APS supports the adoption of term limits for governing body members of 2 or 3 terms starting with the first full term.
2. Selecting members of the EIM governing body (including the selection process and composition of the nominating committee)
Comment: Geographic Diversity The Draft Proposal indicates that <i>optimally, the EIM governing body overall should reflect diversity of expertise, so that it is not dominated by members who specialize in one subject area such as operations or utility regulation, as well as geographic</i>

<p><i>diversity</i>. APS is supportive of this general principle, but requests that the TC include further definition around the terms “geographic diversity”. This clarification is meant to avoid any ambiguity in the interpretation of the goals in the candidate selection process.</p> <p>The Draft Proposal also indicates that <i>no one state or sub-region in the West should have excessive representation. While the body should include expertise in western electric systems and markets, outside perspectives are encouraged and the group as a whole should include the best candidates available in the United States.</i> As discussed above, APS understands the importance of having an EIM Governing body that features a diverse set of expertise and experience, but also believes that it is important for the body to represent the geographic footprint of the region served by the EIM market. While there could be a natural tension between these two needs, APS requests that the TC adopt language that indicates there is preference given to candidates with expertise in western electric systems. However, the number of representatives from a state could be limited to avoid the potential of overweighting representatives from any single state.</p>
<p>3. Scope of authority (including the proposed process for resolving disputes about which body has primary authority over a particular policy initiative)</p>
<p>Comment:</p>
<p>4. Composition and role of the advisory body of state regulators (including leaving development of their role and relationship with the ISO to the regulators themselves)</p>
<p>Comment:</p> <p>The committee of state regulators will play an important role in advising the EIM governing body and the ISO board on issues of interest to state regulators and will serve an important function as part of EIM governance. APS is supportive of the clarifications made in the Draft Proposal regarding the committee of state regulators. APS agrees with the TC decision to remove publicly-owned utilities from the committee of state regulators and believes it is appropriate as publicly-owned utilities could also be EIM market participants.</p>
<p>5. Regional Advisory Committee (including what issues the proposed committee should address and whether it would provide a productive forum for discussion of the issues and/or would enhance the ISO’s existing stakeholder process)</p>
<p>Comment:</p>

6. Commitment to re-evaluate governance

Comment:

Governance Reevaluation

APS supports the clarifications adopted by the TC regarding the commitment to re-evaluate governance. APS would like to see additional guidance provided for the process of governance reevaluation. This clarification could help to address the potential for conflicts of interest to arise between the EIM governing body and stakeholder interests to make changes (including possible elimination) to the governance model. These modifications could include the adoption of a stakeholder-led committee to develop recommendations and expanding the ultimate decision-making authority over governance reevaluation to be broader than the EIM governing body.

7. Miscellaneous items.

Comment: