

## Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide written comments on the EIM Governance straw proposal posted on March 19, 2015.

[Please submit comments to EIM@caiso.com](mailto:EIM@caiso.com) by close of business April 16, 2015

The straw proposal is available on the ISO website at:

[http://www.caiso.com/Documents/StrawProposal-LongTermGovernance\\_EnergyImbalanceMarket.pdf](http://www.caiso.com/Documents/StrawProposal-LongTermGovernance_EnergyImbalanceMarket.pdf)

The slides presented during the March 31, 2015 stakeholder meeting are available at:

[http://www.caiso.com/Documents/Agenda\\_EnergyImbalanceMarketGovernance-StrawProposal.pdf](http://www.caiso.com/Documents/Agenda_EnergyImbalanceMarketGovernance-StrawProposal.pdf)

The EIM Transitional Committee welcomes and appreciates stakeholder feedback related to the straw proposal for the EIM Governance initiative. Please use the following template to comment on the key topics addressed in the proposal:

**Introduction -**

Comment:

The Bonneville Power Administration (Bonneville) welcomes the opportunity to comment on the EIM Governance Straw Proposal (Straw Proposal) published by the EIM Transitional Committee on March 19, 2015. Bonneville appreciates the effort and time the Transitional Committee members have dedicated to preparing the Straw Proposal for public comments. Bonneville submits these comments in the spirit of furthering the development of the Straw Proposal to meet the needs of regional parties. As explained more fully below, Bonneville plays a unique role in the Pacific Northwest in relation to the EIM footprint. As a regional balancing authority, Bonneville’s transmission system interconnects with all of the current and proposed EIM Entities. Coordination with, and appreciation for, Bonneville’s transmission operations are thus critical to the EIM’s operations. Bonneville is also responsible for delivering federal power to a number of publicly-owned utilities located in the PacifiCorp, NV Energy, and Puget Sound Energy balancing authority areas. Bonneville is a transmission customer of the EIM Entities and will be subject to the EIM’s rules, requirements, and charges. Bonneville’s comments are designed to aid the Transitional Committee in developing the recommendation such that these regional and system characteristics are recognized and considered.

**Structure** - composition of the Nominating Committee, composition of the EIM governing body, and process for selecting members.

Comment:

**Nominating Committee Composition – Add Power Marketing Administrations.**

The Nominating Committee will be comprised of representatives from four stakeholder sectors. However, none of these sectors appear to include or contemplate the participation of federal power marketing administrations, such as Bonneville. Bonneville therefore recommends that the sector identified as “Publicly-owned utilities located within an EIM Footprint” be modified to include Power Marketing Administrations (PMAs).

This change is appropriate because Bonneville is the entity responsible for acquiring, paying, and managing the transmission service over the facilities of PacifiCorp, NV Energy, and Puget Sound Energy for publicly-owned utilities served by federal power from Bonneville. This obligation arises from Bonneville’s federal power sales contracts, which require that Bonneville acquire and pay for the transmission of federal power over facilities owned by third-parties. Bonneville currently serves 35 publicly-owned utilities in the PacifiCorp, Puget Sound Energy, and NV Energy systems.<sup>1</sup> Because Bonneville has the direct contractual (and financial) relationship with the current and future EIM Entities, Bonneville believes it should be able to inform the EIM Board nomination process.

<sup>1</sup> Bonneville currently purchases or will be purchasing OATT service from the EIM Entities for service to about twenty of these customers. The remaining customers are served under grandfathered transmission agreements.

Alternatively, the Committee could add a representative to the nomination committee from a PMA. Bonneville, as a neighboring balancing authority and transmission owner, has significant connections with all of the current and proposed EIM Entities. To be effective in properly guiding the EIM's overall development, the EIM Board members should be selected from individuals that understand and appreciate the unique role that Bonneville and other PMAs play in the Western Interconnection. Having a representative from a PMA on the nomination committee will ensure the interests of PMAs, which may not be widely known, are considered and appreciated.

**Scope of authority** – scope of authority, including whether it is appropriate and workable, the examples of issues that would fall within the primary and secondary authority of the EIM governing body, and process for resolving disagreements about the particular proposed rule changes or the scope of authority generally.

Comment:

**1. Scope and Role of EIM Governing Board.** Bonneville requests additional information on the role the EIM Board is expected to play in the EIM. The Straw Proposal appears to expect the EIM Board to perform both decision-making and advocacy functions. For example, the Straw Proposal describes the EIM Board as the initial decision making body for EIM-related matters and mandates that the EIM Board approve of changes to the EIM tariff before they may be presented to the CAISO Board. (see pg. 20-21). However, other sections of the Straw Proposal indicate the EIM Board will advocate for recommended changes to the EIM and present proposals to improve the EIM's operations. (See pg. 14).

Bonneville agrees that the EIM Board should encompass both decision-making and advocacy functions, and recommends that the EIM Board's scope be clarified to make clear that the EIM Board is expected to perform both functions. This clarification would ensure that the EIM Board has actual authority to pursue the interests of entities within the EIM.

**2. Budget for EIM Governing Board.** Bonneville also recommends that the Transitional Committee have an allocated budget to perform its duties as described in its delegation. The EIM Board may need to add administrative and technical staff under its direct control to ensure it may perform its functions. As noted above, the EIM Board is expected to perform both decision-making functions as well as advocacy functions to support the EIM. The EIM Board is also expected to advise the CAISO on amendments and policy issues related to the broader CAISO market tariff – a tariff that spans thousands of pages. Nevertheless, to help perform these broad functions, the Straw Proposal suggests that the EIM Board will be served by a *single* CAISO employee who will then coordinate with other CAISO Staff.

This structure does not provide either the technical nor policy support necessary to ensure that the EIM Board can effectively represent the interests of entities outside of the CAISO.

**Documentation** – documentation of these arrangements in the ISO’s bylaws and a charter from the ISO Board of Governors, and mission of the EIM governing body that would be identified in its charter

Comment:

**1. Bylaws Changes.** Bonneville recommends that the Transitional Committee share the specific changes to the bylaws of the CAISO charter with regional stakeholders when the changes become available.

**2. Mission of the EIM Governing Body and Charter.** As described above, the mission and charter of the EIM Board should be clarified so that it may advocate for changes to the EIM tariff that it believes improve the operation of the EIM in the broader region.

**Committee of regulators** – composition, including the balance of representation between state commissions and public power, and role of the committee

Comment:

**1. Separate Publicly-Owned Utilities into A New Advisory Committee: “Publicly-owned Utilities and PMA Advisory Committee.”** Bonneville supports the Transitional Committee’s recommendation that publicly-owned utilities be represented on a panel that will advise the EIM Board (“Regulator Advisory Board”), but does not support the proposed panel construct. The current advisory panel is made up of, primarily, state regulators, whose task will be to inform the EIM Board of state regulatory and policy matters. Adding two publicly-owned utility representatives to this board does not appear to be a workable proposal as the publicly-owned utilities may have vastly different, if not conflicting, interests with the broader advisory board. Indeed, Bonneville is concerned that the work of the Regulatory Advisory Board will be less effective if the board must not only reflect the divergent views of the commissioners from seven states, but also the diverse views and issues of publicly-owned utilities. In addition, Bonneville does not understand the logic of choosing a commission from each state to represent that state’s policy and regional interest, but only two publicly-owned utilities (despite the fact that there are publicly-owned utilities in all seven states). Finally, including only publicly-owned utilities and no PMAs on the board is also problematic. Bonneville is the primary power supplier for a large segment of the publicly-owned utilities located on the systems of the EIM Entities. In addition, Bonneville is required to acquire, pay for, and manage the transmission services over the EIM Entities’ systems to deliver federal power to these customers. Leaving Bonneville off of the committee omits a significant regional interest that cannot be fully represented by the existing advisory board composition.

Bonneville, therefore, recommends that the Transitional Committee retain the original composition of the Regulatory Advisory Board and create a separate Publicly-Owned Utilities and PMA Advisory Board. This board would advise the EIM Board on matters relevant to publicly-owned utilities and the PMAs. The specific composition of this

board would be developed through additional discussions with the stakeholders in this sector. But it could follow the general outline adopted for the Regulatory Advisory Board, that is, with public utilities from each state and one representative from each of the PMAs. Bonneville believes this separate advisory board construct would provide the most helpful advice and insight to the EIM Board on issues relevant to publicly-owned utilities and the PMAs that serve them. Bonneville also notes that, like the State Commissioners, Bonneville and regional public-utilities routinely meet to discuss regional power and transmission issues. Leveraging these existing meetings to address advisory committee issues would not be difficult and could be done at a minimal cost to participants.

**2. Alternatively, Add Bonneville to the Regulatory Committee.** If the Transitional Committee chooses not to create a separate advisory committee for publicly-owned utilities and the PMAs, then at a minimum, Bonneville should be added as a member of the Regulatory Advisory Board. As noted above, Bonneville is uniquely positioned in the EIM as both a neighboring balancing authority with substantial transmission interconnections with the EIM Entities, and as the entity responsible for acquiring transmission on the systems of PacifiCorp, Puget Sound Energy, and NV Energy to deliver federal power to a number of publicly-owned utilities. Bonneville’s interests cannot be represented through either the state commissioners or individual publicly-owned utilities, and Bonneville should have a voice on the advisory committee to advise the EIM Board on policy, operational, and other matters relevant to Bonneville and its customers.

**Trigger for re-evaluating EIM governance**

Comment:

**Criteria for evaluating proposals** – to revise and simplify the criteria for evaluating governance proposals, as reflected in the appendix

Comment:

**Miscellaneous items** – Please provide comments to other aspects of the straw proposal or governance related issues here.