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Comments of the California Municipal Utilities Association

The California Municipal Utilities Association (“CMUA”) submits these comments in response to the EIM Governance Review Issue Paper and Straw Proposal (“Issue Paper”) dated December 14, 2018.

CMUA commends the work that the EIM Governing Body has done to date to establish its important role within the totality of the governance structure of California Independent System Operator (“CAISO”)-administered markets. We have appreciated the close collaboration, public sharing of information, and thorough discussion and decisionmaking that have accompanied the actions of the Governing Body.

Specific Proposal to Revise the Current Decisional Classification

In the Issue Paper, the CAISO proposes to modify its current decision classification rule to include in the EIM Governing Body’s primary jurisdiction issues where the primary driver for the proposed market change is a matter that primarily affects the EIM footprint. CMUA supports this change. As the EIM footprint has expanded, new issues have been identified that flow from the different circumstances that exist in different subregions within the EIM footprint, whether it be the vertically integrated nature of the market participant, prevalence of hydroelectric resources, or transmission topography. It makes sense that the EIM Governing Body have primary authority over these matters.

CMUA notes that there is no ideal approach to issue classification. Market issues are intertwined; indeed Real-Time market issues affect Day- Ahead market design. CMUA would urge the Governing Body to be watchful to assess how this change is working in practice, learn from experience, and make follow-up recommendations after a reasonable period of time as to whether the change is providing the clarification of roles intended.

CMUA Urges Additional Transparency of How Issues Classifications are Made

Full discussion on EIM issue classification should be part of routine business. Generally speaking, stakeholder processes surrounding major initiatives span multiple months. The EIM Governing Body meets roughly every two months. It should be practicable to have public discussion at the EIM Governing Body of the proposal for decisional classification, and provide an opportunity for public feedback and comment at the Governing Body itself. CMUA would welcome a discussion of this issue, and whether market participants, the CAISO, or the

Governing Body itself believe this would result in undue delays. Given the importance of the issues that come before the Governing Body, it would seem that this additional step to ensure transparency and openness is warranted.

CMUA is Not Supportive of an Extensive Debate on Governance Until EDAM is Considered

In numerous presentations, including presentations before the Governing Body, the CAISO has made reference to a planned stakeholder process to consider expansion of the Day-Ahead Market to the EIM footprint (so-called EDAM). There has been reference to the consideration of governance changes that may be desired to accompany extension of the Day-Ahead Market as well. Given that the current EIM governance appears to be working well, and also given the considerable resources that will go into any overall EIM governance review if it is undertaken now, in terms of time of the Governing Body, stakeholders, CAISO Staff, and the CAISO Board itself, it does not seem to make sense to commence a process that may have to be revisited or substantially refocused if we commence the EDAM stakeholder process later this year. CMUA notes that CMUA and its members supported extensive reforms to governance in the context of the PacifiCorp proposal to become a Participating Transmission Owner, including reforms to the Body of State Regulators to include seats for public power, and creation of a formal Market Advisory Committee. If EDAM does not materialize, there will still be plenty of opportunity to refresh EIM governance, to the extent that it needs to be, prior to the target date of September 2020 in light of overall EIM expansion.