

## Stakeholder Comments Template

Submitted by	Company	Date Submitted
Tony Braun, BBMS, <a href="mailto:braun@braunlegal.com">braun@braunlegal.com</a> , (916) 326-4449	On Behalf of the California Municipal Utilities Association	July 9, 2015

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](mailto:EIM@caiso.com) by close of business July 9, 2015**

The draft final proposal is available on the ISO website at:

[http://www.caiso.com/Documents/Briefing\\_Governance\\_Proposal-DraftFinalProposal-June2015.pdf](http://www.caiso.com/Documents/Briefing_Governance_Proposal-DraftFinalProposal-June2015.pdf)

The slides presented during the June 25, 2015 EIM Transitional Committee meeting are available at:

[http://www.caiso.com/Documents/Briefing\\_GovernanceProposal-Presentation-Jun2015.pdf](http://www.caiso.com/Documents/Briefing_GovernanceProposal-Presentation-Jun2015.pdf)

The EIM Transitional Committee welcomes and appreciates stakeholder feedback related to the draft final proposal for the EIM Governance Development initiative.

Please use the following template to comment on the key topics addressed in the proposal. Organizing your submission around the different sections of the EIM governance proposal will assist the Committee in its review of the comments.

### 1. Basics of the EIM governing body

Comment: CMUA supports the basic proposal for the EIM Governing Body.

### 2. Selecting members of the EIM governing body (including the selection process and composition of the nominating committee)

Comment: CMUA supports the methods outlined by the Transitional Committee and the composition of the nominating committee, which strikes a balance between necessary inclusiveness, workability of process, and interests of various sectors in the outcomes of the EIM market.

**3. Scope of authority** (including the proposed process for resolving disputes about which body has primary authority over a particular policy initiative)

Comment: CMUA supports the basics of the “but for test” to determine the initial delineation between the CAISO Board authorities, and the EIM Governing Body authorities. CMUA also agrees that it is appropriate to have a dispute resolution process. This process is important because at the outset of proposed tariff changes it is reasonable to anticipate that the governing bodies may disagree on whom has primary authority. These disagreements could give rise to disputes surrounding the underlying authorities to make the Section 205 filings to effectuate proposed tariff changes. The dispute resolution process resolves this weakness of the delegation of authorities structure. CMUA also supports the role of the CAISO Board Chair as the tie- breaking vote if the whole of the CAISO Board and EIM Governing Body cannot resolve any differences. As currently constructed, the EIM is a bolt-on addition to the CAISO Real-Time Market. It is not an RTO, yet. EIM Entities are realizing cost savings by building upon the current footprint and the systems development work paid for by California load serving entities. As such, so long as that fundamental market design tenet is adhered to, it is reasonable for the CAISO Board Chair to break all ties as it concerns the scope of the relevant authorities between the CAISO Board and the EIM Governing Body.

**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)

Comment: While this issue has had many twists and turns, subject to resolution of the existence and composition of the Regional Advisory Committee with representation by public power utilities, CMUA can support the composition and role of the advisory body of state regulators. There can be no doubt that wholesale market issues and outcomes, particularly in the areas of resource adequacy and transmission planning, overlap with traditional areas of state regulatory purview. As such, it would be helpful to regional policy dialogue to have a formal vehicle to engage state regulators within the EIM footprint to assess state views on market design initiatives.

**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)

Comment: CMUA is not displeased with the current CAISO stakeholder process as it applies to the current CAISO footprint. But, change is a constant, and even the market changes contemplated under EIM will change the portfolios, jurisdictional reach, and breadth of stakeholder involvement in the market, and will affect the ability of stakeholders to reasonably engage on market issues. Therefore, CMUA can support the formation of the Regional Advisory Committee with representation by public power utilities. This Committee would have the potential to enhance the existing stakeholder process by providing periodic opportunities to focus and channel broader stakeholder input on high-level policy matters relevant to regional markets and consumer interests, and therefore provide a valuable service to the EIM Governing Body, stakeholders, the CAISO Board itself, and most importantly, benefit energy consumers in the region. CMUA believes the Regional Advisory Committee as currently proposed will enhance the current Stakeholder Process. The Regional Advisory Committee is not expected to be a gatekeeper for stakeholder feedback on market minutia, but instead will serve as a barometer of stakeholder feedback on broad market directions. This can only help foster the goals of a successful EIM implementation, balanced with the protection of regional interests.

**6. Commitment to re-evaluate governance**

Comment: Obviously, the PacifiCorp MOU asks and (potentially) answers several of the questions that may trigger broader evaluation of the overall market governance as a whole. That said, there are several variables that may impact market direction. CMUA supports the simplification of the re-evaluation triggers proposed by the Committee.

**7. Miscellaneous items.**

Comment: In its earlier Comments, CMUA urged the Transitional Committee to carefully consider the impacts of the PacifiCorp MOU on the separate development of EIM governance. CMUA is persuaded that the Committee did indeed consider this matter. It is clear that there are many variables that could shape PacifiCorp's decision to become a Participating Transmission Owner, and therefore consideration of some EIM Governance structure in the interim may be necessary. CMUA remains concerned that there has been little public dialogue on how California law may need to be modified, and also what governance structures of a multi-state RTO may need to be considered, and therefore how that may impact EIM governance. That said, the

Committee faces a Hobson's choice, and the failure to move forward with some proposal seems untenable. If the Committee has a continuing role moving forward, CMUA would suggest that the Committee include in its public dialogue the role of an independent entity to govern EIM market issues within the context of the possible multi-state integrated forward market.