

**Comments of the CPUC Energy Division Staff
on the Energy Imbalance Market Governing Body's
EIM Governance Review
January 18, 2019**

Energy Division Staff appreciates the opportunity to comment on the EIM Governance Review process. The issue paper raises a number of preliminary questions regarding the governance structure of the EIM Governing Body, as well as the Body of State Regulators and the Regional Issues Forum. These are important issues to re-evaluate with the significant changes that have occurred since the creation of the EIM. Staff comments below on process and timing of the review.

With respect to process, Staff would like to request additional context and history as future proposals are posted for stakeholder comments. For example, the straw proposal for the near-term change in the EIM's primary authority could identify the past and current initiatives under EIM primary authority, advisory role, and hybrid roles. This would help place context around the impact of the change.

Additionally, Staff supports the concept of a stakeholder-based working group that would work with CAISO staff to form initial proposals for further stakeholder comment. Given the breadth of issues being re-evaluated and the number of stakeholders, a working group structure can help identify and consider challenges earlier in the proposal process. The working group should be as transparent as possible, including publicly noticing meetings, distributing presentations, and documenting discussions. Following the meetings, stakeholders should have ample opportunities to comment.

In terms of timing, the extension of the day-ahead market to EIM entities will significantly shape the context for which EIM governance and this review process takes place. The issue paper affirms that "it is premature to consider broader substantive changes to the potential scope of authority that could be delegated to the EIM Governing Body" (p.6). We suggest the proposed timeline for this review explicitly align with extension of the Day-Ahead Market to EIM entities.

Finally, on the decisional classification process, Staff appreciates how the CAISO has documented decisional classifications within proposals. We further request that the CAISO also document objections, discussions, and final changes to the classification in the initiative process. As broader changes to the EIM scope of authority are considered, greater transparency around decisional classification and deliberations around these issues will support stakeholder engagement.

In sum, Staff supports a stakeholder-driven working group to start developing proposals and additional context on governance proposals in the future to ensure stakeholders are well-informed on proposed changes. Energy Division staff thanks the CAISO for starting this review early and laying out the numerous issues and categories that could be addressed during this process.