

Comments of the Staff of the California Public Utilities Commission on the EIM Governance Draft Final Proposal

| Submitted by | Company | Date Submitted |
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The Staff of the California Public Utilities Commission (CPUC Staff) supports the June 22, 2015 Draft Final Proposal presented by the EIM Transitional Committee for the Long-Term Governance of the Imbalance Energy Market. The CPUC Staff appreciates the Transitional Committee’s efforts to develop a pragmatic initial framework for the governance of the EIM that will not increase overhead costs or create hurdles for EIM entities to enter or exit the EIM market. Accordingly, the CPUC Staff supports the Committee’s decision to recommend an initial framework for the EIM governance based on the “delegated authority,” rather than “autonomous” model.

The CPUC Staff also supports the three primary modifications made in the final draft proposal compared to the Straw Proposal, including: the proposal for resolving disputes regarding which decisional body has primary authority over a particular policy initiative; the composition and role of the committee of state regulators, including the proposal to limit membership to state regulators; and the proposal to create a Regional Advisory Committee of stakeholders. The CPUC Staff also appreciates and supports the Committee’s decision to provide one representative from the committee of state regulators with a voting role on the nominating committee for the first proposed slate of candidates nominated to the EIM Governing Body.

Finally, the CPUC Staff agrees also with the and supports Transitional Committee’s decision to remove formal “triggers” from the Draft Final Proposal that would require the EIM Governing Body to re-assess the EIM governance model, and to

instead recommend a re-evaluation in five years or sooner if, in its own discretion, the EIM Governing Body determines that a fresh look is warranted. The CPUC Staff does not, however, recommend including triggers for encouraging the EIM Governing Body to consider initiating a reassessment. As noted by the Committee, identifying correct triggers for when it is necessary to reassess the governance structure is inherently difficult and the issue is best left to the EIM Governing Body's discretion – without creating any expectations for when it will or should undertake such reassessment.