

<b>Submitted by</b>	<b>Company</b>	<b>Date</b>
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Chelan County Public Utility District (Chelan PUD) is located in Central Washington and is headquartered in Wenatchee, Washington. Chelan PUD owns and operates three hydroelectric projects producing, on average, approximately 9 million megawatt hours of power annually most of which is supplied to wholesale western electricity markets.

In the course of providing retail electricity service to our customers and providing reliable, carbon free, renewable hydroelectric generation to western electricity markets, Chelan PUD is considering future participation in the evolving western markets. We are active in exploring the best opportunities to provide and receive resources to and from the market and are assessing the benefits of within hour markets including SCED/EIM like structures. We are actively participating the in the Northwest Power Pool Market Assessment.

The EIM Transitional Committee released an issue paper with three possible governance structures for a multi-state EIM. The three alternatives consist of an EIM advisory committee to CAISO's Board of Governors, a Governing Board established by CAISO Bylaws with a defined delegated scope; and governance through an Autonomous Separate Entity with authority over market rules. Although we may or may not participate in the CAISO or its affiliate EIM, its functionality will undoubtedly affect markets in the Northwest.

Chelan PUD recommends that the third alternative be adopted – the development of an Autonomous Separate Entity with authority over market rules and responsibility for funding its activities. Chelan PUD believes separation from the existing CAISO governance is critical and will ensure that the EIM is operated in the most effective and transparent manner, while taking into account the consequences for neighboring systems and markets beyond the CAISO footprint. Chelan PUD understands that the primary objections to this governance structure are based on potential overlapping market rules and increased costs to market participants. Overlapping rules are not unique – seams issues exist with all market structures, and are addressed through cooperation amongst market operators, and through regulatory oversight. The effort required to address any seams and the increased costs to staff and manage a separate market are worth the protections an autonomous structure provides to all market participants.

To be candid, there are significant reservations in the Pacific Northwest about relying on an organization that will be responsible for wholesale market structure that was established by and is still accountable to the California legislature. This in effect makes the CAISO accountable to the voters of California. Yet the formation of electricity markets in the west should be for the benefit of all western electricity consumers. Without the adoption of something like Option 3, this fundamental governance issue will be a major stumbling block for any utility considering participation in CAISO markets that is accountable to consumers outside of California.

Chelan PUD appreciates the opportunity to provide these comments.