

Memorandum

To: EIM Governing Body
From: Roger Collanton, Vice President, General Counsel
Date: November 23, 2016
Re: Decision on Proposed Guidance Document

This memorandum requires action.

EXECUTIVE SUMMARY

Management presents to the EIM Governing Body a proposed Guidance Document, which details the process for handling policy initiatives that may fall within the decisional or advisory authority of the EIM Governing Body. This document is required by the ISO's corporate bylaws, and must be approved by the ISO Board of Governors.

The proposed document, which is attached, has been posted for stakeholder review and comment. Management asks that the EIM Governing Body provide any input on the Guidance Document, as it deems necessary, and endorse the document for submittal to the ISO Board for its approval.

Management proposes the following motion, subject to discussion and revisions by the EIM Governing Body:

Moved, that the EIM Governing Body endorses the proposed guidance document, attached to the memorandum dated November 23, 2016, and endorses the document for submittal to the ISO Board of Governors for its approval of the document, pursuant to Article IV, Section 1(c) of the corporate bylaws.

Background

The decisional authority of the EIM Governing Body is governed by the ISO's corporate bylaws and the Charter for Energy Imbalance Market Governance, both of which were approved by the Board. While these documents establish the relevant rules, the details as to the process to be followed in the steps leading up to a decisions by the EIM Governing Body, and about how the EIM Governing Body will provide advisory input to the Board, were left for later determination.

These details are to be specified in a “guidance document” for ISO staff, to be approved by the Board of Governors, as required in the corporate bylaws. See Article IV, Section 1.c.

Management has prepared the attached proposed guidance document, entitled *Guidance for Handling Policy Initiatives within the Decisional Authority or Advisory Role of the EIM Governing Body*. The proposed document is designed to explain the authority of the EIM Governing Body in a functional manner, using illustrative examples, for ease of use.

The document details the process steps to be followed in policy initiatives, with a focus on reaching the correct decisional designations for each policy initiative – i.e., the correct role of the EIM Governing Body in approval of the initiative. A central theme is providing maximum transparency for the proposed decisional designation, as well as opportunities for input by both stakeholders at large and the EIM Governing Body itself, before Management reaches its final decision. Although Management’s decisional designation is subject to review by the Board and the EIM Governing Body through the dispute resolution process described in the Charter, the goal is to minimize the need for this step.

As reflected in the document, the key process steps include:

- Stating the tentative decisional designation for proposed tariff changes in each paper posted during the stakeholder process;
- Regular review with the EIM Governing Body in public session of pending policy initiatives. This review will allow the EIM Governing Body to discuss the tentative decisional designations, and to decide which matters should be presented to it for advisory input to the Board;
- Management will reach its own final decision – the “initial determination” after receipt of comments on a draft final proposal;
- This initial determination will be sent to the Chairs of both bodies in a public notice, and will include links to the stakeholder papers as well as any comments that disagreed with the decisional designation on the draft final proposal; and
- The Chairs ordinarily will have at least one week to consider the notice before they must decide whether to invoke the dispute resolution process that is detailed in the Charter for EIM Governance (and restated in the proposed guidance document).

The proposed document also explains how matters will be presented to the EIM Governing Body. Decisional matters will be accompanied by a memorandum, similar to how decisional matters are presented to the Board of Governors currently. When the EIM Governing Body will be providing advisory input, Management will provide a presentation and a copy of the draft final proposal for stakeholders. The EIM Governing Body may decide to appoint one of its members to convey the body’s advice to the Board, either in writing or in person.

Stakeholder Input

This proposed document was posted for stakeholder review on October 4, and explained in a call on October 11 to representatives of approximately 30 stakeholders. Three sets of comments were submitted.¹

Detailed comments were submitted collectively by current and future participants in the EIM – PacifiCorp, NV Energy, Arizona Public Service, Puget Sound Energy, Portland General Electric and Idaho Power. These comments reviewed every aspect of the proposed document, and expressed the commenters' support. They request clarification on one matter: whether the Department of Market Monitoring (DMM) and the Market Surveillance Committee (MSC) will interact with the EIM Governing Body on its decisional matters as they do currently with the Board. Management has added a passage to the document to clarify that DMM and the MSC should interact with the EIM Governing Body as they do with the ISO Board currently. This is consistent with the Charter for EIM Governance, Section 3.1, in which the Board requires that a full-time staff member assist the EIM Governing Body and ensure that other ISO personnel provide any support that it requires.

Comments were also submitted by the Bonneville Power Administration and the Public Generating Pool. Both support the proposed document, and in addition propose that there should be a way for the Regional Issues Forum and the Body of State Regulators to provide input directly to the EIM Governing Body on ISO policy initiatives. Management has not made any changes to the document in response to these comments for several reasons. Under the ISO's Open Meeting Policy and the Charter for EIM Governance, all stakeholders already have the ability to provide input to the EIM Governing Body about proposed policy initiatives. To the extent the commenters are proposing a new formal authority for the Regional Issues Forum, in addition to or different than what is described in the governing documents, that would be outside the scope of the issues related to the proposed guidance document. There will be an appropriate forum to raise this issue when the role of the Regional Issues Forum is evaluated, which will begin no later than April 2017. See Section 6.1.4 of the Charter for EIM Governance.

CONCLUSION

Management believes that the draft document establishes an effective process for implementing the rules of EIM Governance, as established in the governance documents approved by the Board. Management asks the EIM Governing Body to review the proposed document, recommend any changes or additions, and to provide its advice to the Board of Governors regarding the Board's decision on this document.

¹ All of the comments are available at <http://www.caiso.com/Pages/documentsbygroup.aspx?GroupID=E0E81F63-6D5B-4864-A104-BC5ECEB2F0A1>.