

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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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

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

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

The Transitional Committee suggests that the ISO staff should label EIM-focused initiatives as such. ORA recommends that the ISO staff should also flag ISO-focused initiatives that may have some effect on the EIM, so that affected stakeholders do not miss an opportunity to comment.

The Transitional Committee suggests that the ISO should consider hosting in-person meetings at locations that are convenient. ORA recommends the development of criteria or a methodology for determining a location that is convenient for affected stakeholders, as this determination will become increasingly important as the ISO engages in more and more regional stakeholder process and initiatives. ORA agrees that rotating in-person meetings that are convenient for stakeholders are important, but equally important is continuing to provide and improve the opportunity for remote participation, since some stakeholders will not be able to attend in person meetings.

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

The Transitional Committee clarifies that with regards to the nominating committee, consumer groups are included with public interest sector as a non-voting representative. ORA recommends that this representative receive a vote, as stakeholder comments would not adequately reflect consumers' opinions, yet ratepayers will pay the costs of the EIM.

The Transitional Committee, after further consideration, believes that the representative of the state regulators committee should have a vote on the nominating committee. ORA supports this change in policy. This development is especially important if the public interest sector representative continues to participate as a non-voting representative.

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

The Transitional Committee believes the delineation of relative authorities between the ISO Board and EIM governing body is critical. However, the Transitional Committee firmly believes that it is not the appropriate body to make that delineation. The Transitional Committee is inclined to leave the two governing bodies to jointly resolve questions about the precise scope of the EIM governing body's primary authority as such questions arise. ORA agrees that it makes sense to allow these two entities to work out the process whereby they would delineate their respective authority, rather than prescribe specific mechanisms without having observed the interaction of these two bodies. In the event that the two entities develop a process for delineating their authority, ORA recommends a stakeholder comment period to comment on the proposed process for delineating authority.

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)

The Transitional Committee emphasizes the necessity of the advisory body of state regulators. ORA echoes the need for this advisory body because some commenters have expressed skepticism about its need – this body provides an opportunity and vehicle for each individual state's perspective to be formally represented.

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)

The Transitional Committee recommends a new regional advisory committee in order to solicit participation from stakeholders that have not joined the EIM. ORA supports this proposal. ORA recommends greater clarity regarding how the two stakeholder processes will interact. How will Regional Advisory Committee (RAC) comments inform both EIM-focused initiatives and ISO-focused initiatives?

6. Commitment to re-evaluate governance

The Transitional Committee proposes to use two of the originally proposed six potential triggering events from the March 19, 2015 Straw Proposal: (1) seven individual entities have joined the EIM or (2) a similar imbalance market elsewhere in the western interconnection joins the EIM, to determine when the EIM should be reassessed. If either of the triggering events occurs, the Transitional Committee proposes that the EIM governing body should initiate a reassessment of EIM governance prior to five years from the beginning of the implementation of EIM. In the absence of these triggers, then the Transitional Committee proposes that the EIM governing body initiate a reassessment of EIM governance no later than five years after its first meeting.

ORA agrees with the proposal to reevaluate the EIM governance structure no later than five years after its first meeting, and agrees that reevaluation should occur sooner if a similar imbalance market in the west joins the EIM. ORA interprets the proposal that seven individual EIM members have joined to mean seven total, not seven incremental to the current five members. Given the fact that there are already five individual entities in the EIM, a threshold of seven individual entities may trigger reevaluation prematurely, depending on the magnitude of the difference caused by the newly joining entities. ORA therefore proposes modifying the first trigger as follows: *if the entities joining the EIM are comparable in size or larger than Arizona Public Service (APS), then the threshold for reevaluation should remain seven total entities in the EIM. If the entities joining are significantly smaller than APS, the threshold for reevaluation should be ten. If one entity comparable in size or larger than APS joins the EIM, and the other entities are significantly smaller, then the threshold for reevaluation should be nine.*

7. Miscellaneous items.

ORA echoes the Transitional Committee’s introductory comments regarding the importance of the development of long-term governance structure for the EIM is important process even in the face of broader governance initiatives and processes borne by emerging regional cooperation.

This initiative is in effect a test of the robustness of the ISO stakeholder process and lessons learned from this EIM governance initiative should inform the development of future ISO stakeholder processes that are even more focused on regional development.