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Through this survey, the EIM Governing Body is requesting stakeholder feedback to determine key qualifications and scope of work for a market expert (GBME) position. The governing body members are seeking stakeholder input on three broad areas: (1) scope of issues the GBME should address; (2) key qualifications and criteria for selecting the GBME; and (3) interactions with stakeholders and the stakeholder process.

Comments

PG&E appreciates this opportunity to provide input to the EIM Governing Body (GB) on the scope and qualifications of the Governing Body Market Expert (GBME), as well as the format for interactions between the GBME and stakeholders. The GBME role was created as part of the Governance Review Committee (GRC) Part 1 recommendations, unanimously adopted in joint session by the CAISO Board of Governors and GB.

PG&E provided comments during the GRC deliberation process that were largely neutral on the need for a dedicated market expert. While we recognize and support the legitimate interest of the GB to seek independent advice, the GB should be careful not to duplicate expertise that is already readily available to it through the existing Market Surveillance Committee (MSC), Department of Market Monitoring (DMM), and CAISO Management and Staff.

- 1) PG&E believes the scope of the GBME's assistance is best targeted to those areas of specific interaction (or seams issues) between general CAISO market rules and the unique circumstances of EIM entities (and their respective transmission providers, generators, resources, and customers). In order to avoid duplication with the role and advice of the MSC, the GB should not as a rule assign to the GBME to advise it on foundational market design principles, or to conduct modeling of general CAISO market rules. The GBME will add value and understanding of challenges specific to EIM, particularly on topics or in areas where the MSC may lack sufficient focus or experience with the rules, tariffs, and unique circumstances applicable to the EIM footprint (outside of the CAISO BAA).

The Governing Body should maintain a broad retainer-based scope for the GBME, ideally with a single outside individual or firm, such that it may assign to the GBME to conduct research and analysis on a variable set of priority issues of collective interest to the members, under the sole direction of the GB (or a designated sub-committee of its members). This scope could include issues that are likely to come before the GB for decision in the form of on-going stakeholder initiatives, as well as emerging challenges that may from time to time occur within the EIM marketplace (and which may ultimately warrant the development of a new stakeholder initiative or other market intervention).

PG&E supports the GB assigning to the GBME to advise it on questions that may occur at any point in the stakeholder process. For example, the GB may wish to understand the relative merits of alternative proposals under consideration early in the stakeholder process, such as at the issue paper or straw proposal stage. This would allow the Governing Body to commission independent analysis and identify its own set of preferred alternatives, before the set of options are narrowed down to a single Staff recommendation in the draft final proposal stage.

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Finally, where concerns may arise with respect to any individual market participant (or set of actors) with regard to gaming, market manipulation, anti-trust or any potential violation of tariff, law, or regulation, the GB should refer such concerns directly to the DMM, as the entity responsible for independent market monitoring and referral of enforcement matters to the FERC. The GBME should have no role in enforcement matters.

- 2) PG&E recommends two key qualifications for consideration in retaining the necessary outside expertise for the GBME role: independence and EIM-specific expertise.

By independence, PG&E means that the GBME should be subject to the same independence requirements required of MSC members as outlined in the CAISO tariff:¹

9.1 Members of the MSC shall have no professional or commercial affiliation with a Market Participant where such affiliation would tend to affect, or give the appearance of affecting, their judgment in the performance of their duties.

9.2 Members of the MSC shall not serve as officers, employees, or partners of a Market Participant.

9.3 Members of the MSC shall have no material financial interest in any Market Participant or affiliate, with the exception of mutual funds and non-directed investments.

9.4 Members of the MSC shall not engage in any market transactions other than in the performance of their duties under the CAISO Tariff.

9.5 Members of the MSC shall not be compensated, other than by CAISO, for any expert witness testimony or other commercial services in connection with any legal or regulatory proceeding or commercial transaction relating to the CAISO.

9.6 Members of the MSC shall not accept from a Market Participant any item with a value in excess of \$25.

9.7 Members of the MSC shall advise the CAISO Governing Board in the event they seek employment with a Market Participant, and must disqualify themselves from participating in any matter that would have an effect on the financial interest of the Market Participant.

9.7.1 For the purposes of this provision, the term "seeking employment" shall have the same meaning it does in 5 CFR § 2635.603, or its successor provision.

By "EIM-specific expertise", PG&E believes the GB should require as an important technical qualification for any candidate a proven track record of analysis and expertise in the design of electric wholesale markets, with particular emphasis on the specifics of the Western US, the EIM states, and the CAISO market.

- 3) The Governing Body should be free to discuss with the GBME its on-going portfolio of advisory assignments and to receive interim conclusions and recommendations privately, during regular executive sessions. Additionally, any written work products or final recommendations should be shared publicly with the stakeholder community, for example, as an informational briefing

¹<http://www.caiso.com/Documents/Conformed-Tariff-as-of-Aug4-2021.pdf> (Appendix O, Section 9, pdf p. 1773).

during a general session meeting. Where stakeholders may take issue with the findings of the GBME, there should be an opportunity to provide written comments.

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