

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

Comment:

See attached letter.

We appreciate the thoroughness of the EIM Transitional Committee’s work in fleshing out the process for the selection of the five-member EIM governing body. It is clear from the Proposal that the Committee has tried to address earlier stated concerns that more detail be provided on the qualifications for the five members of the governing body. However, we believe the Draft Final Proposal is still lacking an important distinction. Specifically, we encourage the committee to include language that specifies that a qualified candidate could be an expert with public interest experience.

Page 16 of the Draft Final Proposal reads as follows:

The nominating committee would work with an executive search firm charged with identifying potential candidates for the EIM governing body. **The firm would conduct a nationwide search for qualified individuals with expertise in relevant areas, including utility operations, utility regulation, commodities markets (including electricity), or expertise in general corporate strategy or governance.** Candidates should have senior executive-level experience in an appropriate field, and a proven reputation for excellence.

We recommend that “public interest advocacy” be added at the end of the sentence in bold above. Adding this additional expertise would be consistent with the CAISO’s Board Selection Policy which describes Public Interest Expertise as:

Public Interest Expertise - such as former state or federal (non-energy) regulators; present or former executives of environmental or consumer organizations; former attorneys general or consumer affairs officials; former legislators, academics or economics experts with relevant public interest background; individuals with a demonstrated reputation and record of commitment to consumer issues; energy office officials (state or federal ALJs, judges, etc.); or strategic planners or public policy experts.¹

The make-up of this five member governing body is critically important to the effective operation of the EIM and its coordination with other market services. We believe the description for potential governing body members should be relatively broad at this point. Explicitly including public interest expertise would expand the pool of candidates for selection.

The governing body will likely be responsible for making decisions on technical as well as policy issues. Including candidates with regulatory, legal, legislative and public interest backgrounds could provide needed experience on the governing body. Additionally, experts in public interest are likely to possess a broad viewpoint which could complement experts from other fields.

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

¹ <http://www.caiso.com/documents/boardselectionpolicy.pdf>

<p>Comment: No comment.</p>
<p>3. Scope of authority (including the proposed process for resolving disputes about which body has primary authority over a particular policy initiative)</p>
<p>Comment: No comment</p>
<p>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)</p>
<p>Comment No Comment</p>
<p>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)</p>
<p>Comment: See attached letter.</p> <p>We understand the concern that creating advisory committees to the market could undermine the ISO's existing and effective stakeholder process. We do not support doing anything that would diminish the existing stakeholder process.</p> <p>But we believe that a body ("committee," "forum," or some other title) which explores broader regional trends and developments that could affect the market, which meets infrequently (quarterly or less) and which explores issues either suggested by the body or requested by the CAISO would not intrude upon the stakeholder process's imperative to address market needs in a timely way.</p> <p>Instead, this regional body could provide valuable advice to the ISO from stakeholders who may be less represented on the Board of Governors but whose participation and support will be needed for the effective operation of a regional EIM and potentially a day-ahead western energy market. These include but are not limited to organizations like ours concerned with climate, renewable energy and environmental issues, publicly owned utilities (POUs) and Power Marketing Administrations (PMAs) whose cooperation may be needed to facilitate the participation of additional potential market entrants from the rest of the region, consumer advocates, Native American tribal governments and others.</p> <p>There are several ways the creation of such a panel would add value to the ISO and all market participants:</p> <ol style="list-style-type: none"> 1. Exploration of critical issues not directly related to the day to day operation of the EIM, but important for the market's future success. These could include the impact of such factors as:

- a. Regional compliance strategies related to the Clean Power Plans (CPPs)
 - b. The rates of penetration and decreasing cost of renewable energy resources
 - c. The development of parallel markets in other parts of the west, such as the Northwest Power Pool SCED
 - d. How grid modernization efforts encouraged by the DOE Quadrennial Energy Review may influence the needs and operation of federally –managed transmission networks
 - e. How compliance with international climate conventions may create opportunities to expand the market
 - f. The interface between distribution and transmission system coordination
 - g. Commercialization of emerging technologies such as energy storage
 - h. Etc.
2. **Facilitation of dialog** between various stakeholders and the ISO to identify areas of agreement on potentially contentious issues or mutually assess needed changes. We believe direct conversations are an effective way to develop a general agreement on difficult topics.
 3. **Prevent misunderstanding and facilitate a better understanding** of ISO practices and positions. We suggest the ISO consider a process in which topics for the body are identified either through the committee membership or requested by the ISO. Written reports could be prepared by the committee for the ISO to consider. As part of the process, an official written reply would be prepared by ISO staff. This process is modeled after the successful process employed by the U.S. Department of Energy’s Electricity Advisory Committee.
 4. **Build better cooperation with POU’s and PMAs.** As the grid and its operation evolve toward a much more integrated model, a more coordinated relationship with POU’s and PMAs is not just helpful, it is necessary. These entities control major portions of the nation’s electrical system, and are part of and not apart from the changes regional markets will engender. Their concerns, views and cooperation need to be considered and, where possible, addressed. This is not only important with regard to the EIM, but the EIM’s importance to us in meeting the ambitious greenhouse gas reduction goals we as a region, nation and indeed the world must achieve. We believe this body can play a modest but important role in building this coordination and cooperation between the entities that share one grid but are separated by differing business models and institutional goals.

In closing we urge the transitional committee to include some form of a regional advisory committee to the final governance proposal submitted to the ISO Board of Governors for approval.

6. Commitment to re-evaluate governance

Comment:
No comment.

7. Miscellaneous items.

Comment:
No Comment.