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**RE: CAISO’s Draft Final Proposal for Formation of an EIM Governance Review Committee**

PPC appreciates the opportunity to comment as part of the EIM Governance Review stakeholder process. PPC’s members have a significant interest in the governance of the EIM from several perspectives: as purchasers of preference power and transmission services from BPA (which is evaluating future participation in the EIM), as load serving entities in the current and/or future EIM footprint, and as possible and planned EIM participants themselves. We look forward to continued participation in the CAISO’s EIM Governance Review stakeholder process and appreciate the CAISO’s efforts to develop a proposal that will result in active, diverse participation from its stakeholders in the EIM Governance Review.

**Clarification of PPC’s Prior Comments on the Straw Proposal for GRC Formation**

In PPC’s comments on the *Straw Proposal for Formation of an EIM Governance Review Committee* we stated:

*While PPC does not oppose appointing a member of the Board of State Regulators (BOSR) to the GRC, we note that providing specifically for at least one representative from the BOSR guarantees representation for rate payers of Investor Owned Utilities. Commensurate representation on behalf of rate payers of publicly owned utilities is not guaranteed. This inequity is consistent with inequities embedded in the current EIM governance structure that should be revised during the governance review discussion. (Emphasis added)*

CAISO staff included a partial quote of this statement in their matrix summarizing comments on the straw proposal. In that matrix, CAISO staff responded to this comment by stating that in the draft final proposal the BOSR representative is proposed to be a non-voting member of the committee. We would like to clarify that PPC was not requesting the BOSR representative be a non-voting member. Instead we wanted to remind CAISO staff, the EIM Governing Body, and the CAISO Board of Governors that leaning heavily on the current governance structure for designing and appointing the Governance Review Committee may allow current issues in the governance structure to persist. Including additional perspectives in the conversation will incorporate viewpoints that may not be adequately represented in the current governance structure.

## **Ensuring diverse representation on the Governance Review Committee**

PPC appreciates CAISO's need to balance feedback from its stakeholders as well as balance the need for diverse representation on the GRC with the need to run an efficient stakeholder process. While we were disappointed that our suggestion to expand the committee to thirteen voting members was not adopted, we still appreciate CAISO staff's focus on creating a diverse committee. While we understand that appointees to the Governance Review Committee will not be appointed to represent a specific sector or stakeholder group, we do think the organizational background of the representatives is an important consideration to achieving diverse representation. CAISO staff acknowledges this as well in the GRC charter stating that the committee will "be geographically diverse and will collectively reflect the broad range of stakeholder and industry sectors that are involved in the EIM."<sup>1</sup>

In response to CAISO's updated proposal, which creates a new "Pending EIM Entity Sector," it seems necessary to reiterate our previous comments on the importance of having governance review committee members from both BPA and Northwest Public Power. The new proposal puts both groups in the same sector and while we understand that appointments will not be made based on sector specific representation, we would like to emphasize some key distinctions between the two groups.

BPA's large regional footprint, diverse stakeholders, and statutory requirements all make BPA a unique participant in the EIM. The participation of a Federal Power Marketing Administration will require specific considerations and it is vital that BPA has a strong voice in the review of EIM governance. Because BPA has such a diversity of stakeholders, the agency must work to balance the feedback it receives in setting the direction for the agency, much like the CAISO. BPA has a large number of non-public power stakeholders that are similarly situated to other CAISO stakeholders, particularly those within their assigned nominating sector. That is not the case for Northwest Public Power, consumer owned utilities who are generally not similarly situated to other CAISO stakeholders.

Northwest public power has a unique perspective that is different from other types of entities or even similar entities from other regions. First, the regulatory structure for public power utilities is different from IOUs that are regulated by appointed state commissioners. Public power entities are regulated by locally-elected officials who provide oversight and guidance for the utility's business. Second, public power entities are not-for-profit, which may cause a divergence of interest from their IOU counterparts that act on behalf of their stockholders. Third, Northwest public power entities have a distinctive generation mix, the majority of which is hydro. Hydro generation offers unique benefits, such as its flexible generating capacity, but also unique challenges, such as operating constraints stemming from flood control, irrigation, transportation, and environmental demands. All these factors cause Northwest public power to experience unique

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<sup>1</sup> Governance Review Committee Charter – Draft Final Proposal, page 2

impacts in response to EIM market rules and have a unique perspective with regards to EIM governance.

Thus, while we understand that no appointees will be directly representing any specific stakeholder group or sector, we still think these are important considerations for the EIM Governing Body and the CAISO Board of Governors when appointing nominees to the committee. We anticipate that all appointees to the committee will work collaboratively to develop proposals and consider other perspectives during that process. Still, CAISO staff itself has emphasized the importance of diversity, so we offer these considerations in support of forming the most representative Governance Review Committee possible.

### **Conclusion**

We appreciate this opportunity to comment and look forward to actively engaging in the upcoming nominations process for the GRC as well as impending the EIM governance review stakeholder process.