

Submitted by	Company	Date Submitted
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RE: CAISO’s Straw 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 (who is evaluating future participation in the EIM), as load serving entities in the current and/or future EIM footprint, and as possible EIM participants themselves. We look forward to continued participation in the CAISO’s EIM Governance Review stakeholder process and appreciated the CAISO’s efforts to develop a proposal that will result in active, diverse participation from its stakeholders in the EIM Governance Review.

CAISO’s Governance Review Committee Formation Proposal

PPC supports the CAISO’s proposal to form a stakeholder working group, the Governance Review Committee (GRC), to develop proposed revisions to the current EIM governance structure and to use a stakeholder process to have an iterative review of these proposals. We also support the proposed scope of work for the GRC, which will focus on review of the EIM governance structure. Consistent with CAISO’s proposal, we agree it is also appropriate that if the Extension of the Day Ahead Market to the EIM (EDAM) moves forward, governance related to this initiative should be in the scope of the GRC’s review.

As a starting point for the GRC’s work, it should refer to the comments that stakeholders provided in response to CAISO’s EIM Governance review white paper developed in December. Stakeholders put considerable time into developing these comments on proposed scope, and the GRC should review and respond to those comments as a first step. Additional issues may arise during the EIM Governance Review, but this would be a helpful starting point for the group.

Additionally, while a limited scope of work is appropriate for the GRC, CAISO should consider whether there are more opportunities to increase the role of stakeholders on other initiatives. This could include formation of other stakeholder working groups to develop and analyze proposals or possibly the creation of a more formal stakeholder advisory group to provide input to the EIM Governing Body on active stakeholder initiatives.

PPC understands CAISO's interest in keeping the GRC small so it can work effectively, but we also want to emphasize the importance of ensuring there is proper representation across stakeholder groups. If this cannot be accomplished through appointing stakeholder representatives to the eight to ten open seats on the GRC, we suggest that the CAISO revisit its proposed size and composition of the GRC. For instance, the CAISO should consider having the EIM Governing Body representative and CAISO Board of Governors representative act in an advisory capacity to the GRC as opposed to being appointed as voting members of the GRC. This would still allow for ample input from and coordination with these bodies during the development of proposals. It may also be a more appropriate role for those who will end up being decision makers on these issues. Restructuring the GRC this way would free up two more places on the committee to allow for broader stakeholder representation while keeping the working group at 11-13 members as proposed by CAISO.

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. Creating a diverse and representative GRC will be important to ensuring proposals include perspectives from all rate payers impacted by the EIM.

Generally, the proposed GRC structure and the stakeholder groups as defined in the proposal allow for a broad range of nominees to be advanced, sufficiently representing CAISO's stakeholder groups. In particular, we appreciate how the CAISO defined the Publicly Owned Utility sector in its proposal. However, some publicly owned utilities that are part of a key stakeholder group, neighboring balancing areas, are excluded from the GRC nominating process under the current proposal. This is an important stakeholder group that is represented on the Regional Issues Forum and should be included in this stakeholder process. We propose that CAISO revise the proposal to allow for their participation in one of the existing stakeholder groups.

PPC would like to thank CAISO staff for their work on this proposal and we particularly support the proposal's focus on developing a committee with members that are "geographically diverse and collectively reflect a broad range of stakeholder and industry sectors that are involved in the EIM."¹ As discussed above we agree this will be an important attribute of a successful GRC.

We hope that the formation of the GRC can move forward quickly and appreciate CAISO staff's work on this issue.

¹ *EIM Governance Review: Straw Proposal for Formation of an EIM Governance Review Committee*, page 6

Other Considerations for Appointments to the Governance Review Committee

While the proposal developed by CAISO staff provides a framework for setting up the committee, there is still discretion in who the CAISO Board of Governors and the EIM Governing Body appoint as members to the GRC. We would like to offer some considerations for the appointment process.

As CAISO staff notes it will be important to have representatives that reflect the broad range of stakeholder and industry sectors involved in the EIM. For instance, entities in the CAISO BAA and entities outside the CAISO BAA are likely to have different perspectives on many issues. Public power is diverse and only having a representative from public power within the CAISO BA is not sufficient. To ensure proper public power representation, the CAISO Board of Governors and the EIM Governing Body should take these differences into account in making its final selection from the slate of nominees.

Additionally, we would like the CAISO Board of Governors and the EIM Governing Body to consider that BPA is a unique entity with many stakeholders including publicly owned utilities, investor owned utilities, independent power producers, marketers, and other special interest groups. It also has large amounts of load that will be impacted by its participation. The diverse ownership of generation in BPA's BAA as well as its large amount of preference load and specific statutory obligations make it unlike any other EIM entity. In order to assure the governance structure of the EIM is such that BPA has the statutory right and the needed customer support to join the EIM, a representative from BPA should be appointed to the GRC.

We appreciate this opportunity to comment and look forward to actively engaging in the upcoming nominations process for the GRC.