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January 26, 2015

VIA ELECTRONIC DELIVERY

The California Independent System Operator
Energy Imbalance Market Transitional Committee
EIM@caiso.com

Re: Conceptual Models for Governing the Energy Imbalance Market

Dear Committee Members:

In response to the issue paper posted on January 5, 2015, the Public Utilities Commission of Nevada (“PUCN”) submits the following brief comments:

Criteria for Evaluating Governance Proposals

The criteria for evaluating the governance models seem reasonable. However, additional information would be helpful for the third item listed under “Confidence in Governance to Facilitate Possible Expansion.” Specifically, the PUCN is curious as to the scope/limitations of the expansion of the functionality of the market to provide additional services as requested by EIM Entities.

Conceptual Approaches to EIM Governance

Features Common to Each Model

The PUCN supports the common features of the models but desires clarification regarding the “Organization of State Regulators.” Appendix A provides examples of ISO/RTO governance structures that include state regulatory committees/participation; however, given that the EIM is not an RTO/ISO, is it expected that this “organization” will be completely separate, or is this “organization” intended to represent state regulator participation in board, stakeholder, governance, and nominating committee functions?

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Preferred Model

With regard to the three governance models identified in the issue paper, the PUCN prefers the second model because it seems to be the most practical. The “Governing Board Established by California ISO Bylaws” model appears to strike an appropriate balance between creating independence from the ISO and limiting costs. Moreover, it seems to offer enough autonomy to maximize the overall benefits of the EIM.

General Comments

The PUCN suggests that, regardless of which governance structure is adopted, the structure should be periodically assessed for effectiveness, and provisions should be included in the charter or bylaws to allow for change when change is warranted. If the initial approach proves ineffective, it might be necessary to transition to a different model.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Carolyn E. Tanner". The signature is written in a cursive style with a large initial 'C'.

Carolyn Tanner
General Counsel, Public Utilities Commission of Nevada