

Regional Issues Forum Reevaluation Final Proposal Developed by RIF Liaisons

The Energy Imbalance Market (“EIM”) Regional Issues Forum (“RIF”) founding documents require reevaluation of the RIF commencing early in 2017. This Final Proposal was developed by the RIF Liaisons to recommend changes, clarify, and improve the RIF function. This Final Proposal will be presented to the EIM Governing Body at its meeting on July 13, 2017. Along with the Final Proposal, the Liaisons have made changes to the existing RIF Operating Guidelines, which are attached in redline form, and recommend limited changes to the EIM Governing Body Charter to reflect these recommendations. It is our understanding that the only matter that requires action by the EIM Governing Body and the CAISO Board would be any changes to the Charter itself.

Introduction

The governance documents for the EIM require that the efficacy of the RIF be reevaluated to determine if the RIF should continue, and if it does, what improvements might be made. This reevaluation exercise is to be conducted as part of a stakeholder process. The EIM Governance Charter, Section 6.1.4, states the requirement for reevaluating the efficacy and role of the RIF:

After four to five meetings of the Forum or, even if the Forum has not met four times, beginning in April 2017, the efficacy and role of the Regional Issues Forum will be reconsidered through a stakeholder process, considering its performance and also any changed governance structures and regional market development as a whole.

To commence this process, the RIF Liaisons produced a set of questions as part of the Discussion Draft to prompt stakeholder feedback on the future role and function of the RIF. The RIF Liaisons received numerous comments in response to the Discussion Draft. These questions and others were the subject of a RIF meeting held in conjunction with the EIM Governing Board on February 28, 2017. This production of the Issue Paper attempted to incorporate stakeholder feedback, which the Liaisons summarized in a stakeholder comment matrix along with the Issue Paper. After a briefing of the EIM Governing Body at its meeting on April 19, 2017, the Liaisons received a second round of comments as part of this initiative. The Liaisons note that on many of the issues presented in the Discussion Draft and Issue Paper there is strong stakeholder agreement. The Liaisons therefore have worked to conclude this initiative and return greater focus to substantive market issues. The next regularly scheduled RIF meeting is tentatively set for September 7, 2017, in Seattle, WA.

The comments received by the RIF generally support presenting the final reevaluation proposal to the EIM Governing Body, either for “approval” or for transmittal to the ISO Board of Governors. At the February 28, 2017, RIF meeting, the Liaisons also heard from many members of the EIM Governing Body that it does not desire to direct the activities of RIF’s stakeholder-led process. Further, it is the understanding of the Liaisons that the Operating Guidelines are a RIF document and do not require formal approval from any other body. However, the Liaisons do believe that a few minor changes will be needed to the EIM Governance Charter in order to accommodate the proposal. One obvious example is simply changing the RIF reevaluation date embedded in the EIM Governance Charter. The RIF Liaisons anticipate working with the EIM Governing Body and the ISO to develop any needed changes and shepherd those changes through the appropriate ISO processes.

Possible Changes or Clarifications to RIF Roles and How the RIF Functions

Meeting Frequency

The EIM Governance Charter for the RIF indicates in Section 6.1 that the RIF would meet three times annually. The Operating Guidelines adopted by the RIF in June 2016 acknowledge the requirement to hold three RIF meetings annually. In the Discussion Draft and Issue Paper, the Liaisons sought stakeholder input on whether RIF meetings should be aligned with the EIM Governing Body schedule and what role stakeholders and the EIM Governing Body should have in the development of agendas. Stakeholder comments support the idea of aligning RIF meetings with the EIM Governing Body schedule. However, several stakeholders indicated that the RIF should not limit itself to three meetings a year and should provide the flexibility for more meetings if necessary. Stakeholders support the idea of the agendas being developed by the Liaisons with input from stakeholders, EIM Governing Body members and others. Some commenters emphasize the need to ensure all stakeholders, not just EIM participants, are able to advance agenda items and topics for discussion.

Consistent with our approach in the Issue Paper, the RIF Liaisons recommend the following approach to RIF meetings:

Meeting Frequency and Coordination:

- RIF meetings will occur at least three times a year, but can be more frequent if issues warrant or if requested by stakeholders, the EIM Governing Body, or the EIM Body of State Regulators.
- When possible, RIF meetings should align with EIM Governing Body meetings. If the meetings do not align, consideration should be given to aligning with other regional meetings to reduce travel time and costs.
- RIF meetings will be announced through ISO market notices and through the Liaisons with 21 days notice of the date and location.

Meeting Agendas and Content:

- Meeting agendas will be developed based on stakeholder input and/or requests for discussion by the EIM Governing Body or the EIM Body of State Regulators.
- Liaisons will solicit agenda topics in advance and select items for the meeting agenda.
- Liaisons will be responsible for outreach to stakeholders on agenda topics. All stakeholders can suggest agenda items and/or provide presentations.
- The agenda will be provided through ISO market notices and through the Liaisons pursuant to the procedures contained in the Operating Guidelines. Speakers will be responsible for providing presentation materials in advance, which will be posted on the RIF website no less than one week prior to each meeting.

Written Workproducts

One of the issues raised for consideration in both the Discussion Draft and the Issue Paper was the issue of whether the RIF, acting through the Liaisons, should produce written work products or formal recommendations on EIM policy matters. While most issues and questions posed by the Liaisons in the Discussion Draft and Issue Paper produced considerable stakeholder alignment, on the issue of written opinions on market issues there remains a disparity of opinion.

First, with respect to written memorialization of RIF actions and meetings, there is consensus that augmentation in this area is desired. There appears to be broad consensus as to the desirability of the RIF producing a meeting summary that can be distributed after the fact, in order to provide a written record of RIF discussions. In service of this, the Liaisons propose to add an additional officer role of Secretary, to be selected from among the Liaisons.

With respect to the issue of written opinions on substantive issues, existing RIF documents clearly contemplate the possibility of the RIF providing recommendation or written work products on issues. For example, the current version of the Operating Guidelines provide that the RIF shall:

3. Establish a process for determining which issues to discuss and/or potentially advance to the EIM Governing Body and the ISO for consideration in establishing a stakeholder process.
4. Assign sub-teams made up of the sectors' subject matter experts to evaluate specific EIM issues and report back to the RIF and stakeholders with any recommendations for solutions...
6. Establish a process through which it may express a common position on establishing ISO stakeholder processes or views and opinions on the EIM.

Similarly, the EIM Governance Charter contemplates that "The Forum may share opinions on issues regarding EIM and relevant topics, or address topics suggested by the ISO. The

forums may produce documents or opinions for the benefit of the EIM Governing Body or the ISO.” The Final Proposal produced by the Transitional Committee described this issue as follows:

From time to time the Forum may want to share particular thoughts on timely issues regarding EIM and relevant topics, or address topics suggested by the ISO, and in doing so may produce documents or opinions for the benefit of the EIM governing body and the ISO. The ISO staff may choose to respond to these products in writing. Beyond these basic requirements, the Regional Issues Forum would be responsible for establishing its own procedures and methods of operation.¹

As alluded to above, stakeholder feedback on this issue has been mixed. While many stakeholders support production of written opinions, and indeed believe this should be a primary function of the RIF, others continue to have concerns. In the most recent round of comments, Southern California Edison Company (“SCE”) remains concerned that a RIF written workproduct would, at best, be duplicative of, or at worst, circumvent the existing stakeholder process. SCE believes that there is ample opportunity for market participants to participate on EIM issues within the confines of the existing CAISO-led stakeholder process.

The Liaisons are sensitive to the perception of a multiplicity of forums in which EIM issues may be discussed. Further, the Liaisons do not desire to increase the burden on market participants with respect to participation in industry forums, particularly with respect to the production of written materials. Finally, as indicated in the Issue Paper, we do not believe the volunteer nature of the RIF Liaisons would easily lend itself to the production of regular written workproduct on complex market issues. Nevertheless, we do not believe it is prudent to eliminate flexibility for the action if it is desired either by the EIM Governing Body, the Liaisons, or stakeholders as a whole. Thus, in the Operating Guidelines the Liaisons have proposed to retain this function.

Scope of Discussions

On the question of what subject matters should be the focus of the RIF, the EIM Body of State Regulators and other stakeholders commented that the RIF should not be restricted from discussing topics that are the subject of a formal ISO stakeholder process, as long as any discussions held by the RIF on such topics are not duplicative or in circumvention of the formal ISO stakeholder process. The Liaisons agree that this type of flexibility is best suited to facilitate robust discussion on regional market issues.

With respect to the scope of the RIF, the EIM Charter (6.1.1) currently states, “generally speaking, the Regional Issues Forum would not consider individual policy issues that are currently part of an ongoing stakeholder process...”. It is the Liaisons’ desire to clarify the ability of the RIF and the stakeholders that attend RIF meetings to periodically discuss items that may already be in a formal ISO stakeholder process. In making this proposal, the

¹ Final Proposal, Long-Term Governance of the Energy Imbalance Market (August 19, 2015).

Liaisons emphasize that the RIF's primary function is to facilitate a forum for discussion or to provide educational or informational content and that it is not the RIF's desire to duplicate or circumvent the formal ISO stakeholder processes. RIF discussions should not be considered a part of any formal stakeholder process currently underway at the ISO. However, the Liaisons believe that RIF agenda items may at times overlap with items that are already within a formal stakeholder process and that a bright line exclusion of any such discussion runs counter to the stated purpose of the RIF to enhance understanding of emerging EIM issues and provide a forum for open discussion.

What Changes, if any, to ISO Governing Documents are Necessitated by the Recommendations in this Issue Paper and How Would They be Accomplished?

The RIF Liaisons recommend certain changes to the Operating Guidelines to memorialize these processes. Attached to this Final Proposal is a redline version of the proposed Operating Guidelines.

It is the understanding of the Liaisons that the EIM Governing Body will be reviewing the Liaison recommendations but not approving the proposed changes. As such the new Operating Guidelines are a workproduct of the Liaisons acting on behalf of the RIF. However, to the extent there are amendments to the Charter that are necessary to effectuate the proposed changes, these changes would be within the EIM Governing Body's primary jurisdiction, and would be subject to the approval of the Governing Body and consequent review of the full CAISO Board of Governors. During the February 28, 2017, EIM Governing Body meeting, ISO's legal representative noted, as part of normal practices, ISO would review the outcome of the RIF evaluation process for implications to ISO governing documents and recommend revisions to those documents as warranted.