

Regional Issues Forum Reevaluation Issue Paper 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 Issue Paper was developed by the RIF Liaisons as a starting point for discussion of what changes, if any, should be made to the RIF role and how the RIF functions. This Issue Paper follows upon a discussion paper (“Discussion Draft”) produced by the Liaisons that presented several questions to stakeholders, sets of comments submitted by stakeholders in response to the Discussion Draft, and a meeting of the EIM Governing Body and RIF on February 28, 2017, in Las Vegas, NV.

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.

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. This Issue Paper attempts to incorporate that stakeholder feedback. The Liaisons note that on many of the issues presented in the Discussion Draft there is fairly strong stakeholder agreement. The Liaisons have organized this Issue Paper around those questions presented in the Discussion Draft in order to ensure continuity of the Liaisons’ work product.

Process and Timeline for Reevaluation

The RIF liaisons believe that the RIF reevaluation stakeholder process can be accomplished in a relatively short amount of time and with minimal process. As such, the RIF liaisons recommend that the RIF reevaluation stakeholder process consist of a combined issue paper/straw proposal developed by the RIF liaisons, followed by no more than two stakeholder meetings, and commensurate numbers of iterative comment and proposal rounds. Indeed, this could be accomplished with one round of comments and a meeting, followed by a final work product. Do you agree with this recommendation? If

your response is no, please explain and provide your suggestion for what process should be used. For example, should there be multiple rounds of stakeholder input (written comments), multiple meetings or multiple revisions to proposal documents?

The comments received by the RIF on this question overwhelmingly supported expediting the reevaluation process as much as possible while also being responsive to any comments proposing alternative views about the RIF's future, should such comments materialize. Based on the feedback the Liaisons have received so far, the RIF anticipates little disagreement about the proposals that follow and is optimistic that this current round of public comment will suffice. However, the Liaisons are building in sufficient time for an additional round of public comment before the July 13, 2017, EIM Governing Body meeting in case the Liaisons receive comments that require a revised draft proposal. Proposed schedule:

- 3/31: RIF posts initial draft proposal
- 4/7: Liaisons host stakeholder call
- 4/19: EIM Governing Body considers proposal and comments received and also takes public comment.
- 5/3: Stakeholder comments due
- 5/15: Stakeholder comment matrix posted

If an additional revision and comment period is warranted, the Liaisons propose the following schedule:

- 6/8: RIF posts revised draft proposal
- 6/15: RIF hosts a stakeholder call to discuss revised draft proposal
- 6/22: Stakeholder comments due
- 7/6: Comment matrix and final proposal posted
- 7/13: EIM Governing Body considers final proposal and comments and may forward to the ISO Board of Governors with its recommendations.

Subsequently, the California ISO ("ISO") Board of Governors will consider and make any necessary changes to the EIM Governance Charter.

The RIF liaisons recommend that the RIF reevaluation final proposal and stakeholder feedback be presented to the EIM Governing Body for the ultimate decision and resolution under the current voting structure of the EIM Governing Body. Do you agree with this recommendation? If your response is no, please explain and provide your suggestion for what resolution process should be used.

The comments received by the RIF generally support presenting our 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 have control of RIF's stakeholder-led

process. The RIF anticipates that a few minor changes will be needed to the EIM Governance Charter in order to accommodate our proposal. One obvious example is simply changing the RIF reevaluation date embedded in the EIM Governance Charter. The RIF believes that the EIM Governing Body is the appropriate body to first consider the RIF's proposal and then transmit it to the ISO Board of Governors for final approval and subsequent EIM Governance Charter amendments. On this specific item, the RIF proposes to remove the current reevaluation language from the EIM Governance Charter and replace it with language that allows for either the RIF or the EIM Governing Body to call for a reevaluation of the RIF as circumstances may warrant, at any time in the future, and without any predetermined trigger date.

The RIF liaisons recommend that the RIF reevaluation stakeholder process be completed by the July 13, 2017 meeting of the EIM Governing Body. Do you agree with this recommendation? If your response is no, please explain and provide your suggestion for what timeline should be used.

The comments received by the RIF support completion of the RIF reevaluation process by July 13, 2017, or as expeditiously as possible. The RIF proposes in this Issue Paper a more detailed schedule that will allow the EIM Governing Body to consider the final RIF proposal at its July 13, 2017, meeting and subsequently transmit the proposal to the ISO Board of Governors for consideration and amendment of the EIM Governance Charter. The Liaisons solicit feedback on whether this schedule meets with stakeholder expectations

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

Right now, the RIF meets 3 times per year. Suggestions have been made to align RIF meetings with the EIM Governing Body schedule. That would increase time and meeting commitment, but would regularize RIF input into the Governing Body. Input on this issue would be valuable. The Liaisons believe that the EIM Governing Body should have a strong role in setting the agenda for the RIF to ensure feedback into the issues on which they must deliberate. We would appreciate input on this initial recommendation. The expectation is that, in addition to the EIM Governing Body, agenda development and RIF meeting discussions would be led by stakeholders, channeled through the Liaisons for the purposes of organizing meetings. This is consistent with the last RIF meeting in Phoenix on November 29, 2016, where stakeholders led market issue discussions. It is expected that a primary role of the Liaisons will be to define a process for requesting agenda items. Meeting plans would establish deadlines for issue submissions or stakeholder presentations. Please provide thoughts on this general approach to RIF activities.

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 acknowledges the requirement to hold three RIF meetings annually. In the Discussion Draft, the Liaisons sought stakeholder input on whether the Regional Issues Forum 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.

Based on stakeholder input, 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 requested by stakeholders, EIM Governing Body, or 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 via ISO market notice 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 via ISO market notice and through the Liaisons no less than two weeks prior to the meeting date.
- 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.

Should the RIF Be Limited to Facilitating Dialogue or Consider Producing Recommendations and Opinions. What Subject Matter Areas Should be the Primary Focus?

The existing documentation for the RIF contemplates the possibility of written work products as a means of capturing stakeholder views or RIF opinions. The Liaisons believe that if this function remains in any final recommendation, a process for triggering and producing written material must be developed. Stakeholder views on whether this function should remain, and how to execute upon it are appreciated.

One of the issues raised for consideration in the Discussion Draft 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 produced considerable stakeholder alignment, on this issue there was disparity of opinion.

Existing Documentation

Guidance from the existing RIF documents is limited in detail, but consistent, and clearly contemplates the possibility of the RIF providing recommendation or written work products on issues. For example, 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

Stakeholder Feedback

As alluded to above, stakeholder feedback on this issue was mixed. Powerex opposes any formal recommendations emanating from the RIF, arguing that the RIF membership was limited and did not reflect the market as a whole. This reflected Powerex's views that the RIF should be opened up to greater participation (perhaps through increasing the number of sector

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

Liaisons). PacifiCorp believes that the only written work product that the RIF should produce would be summaries of stakeholder discussions or comments on a particular issue. Portland General Electric (“PGE”) also believes that communication on positions should be by individual stakeholders or voluntary alignments of sectors, not through the RIF itself.

The California Municipal Utilities Association (“CMUA”) and Puget Sound Energy (“PSE”) recommend maintaining the option to produce written recommendations, but urge that if that option is maintained that detailed procedures on how to produce documents and memorialize majority or minority positions be provided.

Finally, a host of stakeholders support the production of written recommendations by the RIF. Public Generating Pool (“PGP”) believes the option to produce written work products should remain and the process be developed in detail. Western Resource Advocates (“WRA”) believes the RIF should strive for written work products whenever possible, including the production of majority and minority opinions when consensus is not reached, and sector by sector positions if necessary. WRA argues that this memorialization of positions and process will lend legitimacy to the RIF process and its relationship with stakeholders and the EIM Governing Body. The EIM Body of State Regulators and Natural Resources Defense Council (“NRDC”) also believe the RIF should retain the option to develop written work products to help improve the record of decision-making by the EIM Governing Body and in the ISO processes generally.

On the question of what subject matters should be the focus of the RIF, the 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.

Discussion and Recommendation

While there are disparate views of stakeholders on this issue, it is helpful to start where there is clear consensus. The Liaisons agree with stakeholders that the primary role of the RIF is to be a forum that enables broad discussion on a host of issues that affect participants or potential participants in the EIM. The interest in stakeholder discussions at the RIF is evidenced by the extensive participation the RIF has experienced to date. Also, regular production of formal written positions would likely fundamentally change the character of the RIF, and this must be considered. For example, the Liaisons believe the RIF would likely require more meetings to allow the public vetting of any formal written position. Also, the time commitment for Liaisons and market participants themselves would be greatly increased. Finally, substantial lead time between a decision by the EIM Governing Body on an issue and any trigger for a formal position of the RIF would be needed. The Liaisons believe that lead time would likely be 60 days at a minimum.

During the February 28-March 1, 2017 EIM Governing Body and RIF meeting, there was discussion with regard to the distinction between purely administrative written work products, such as meeting minutes, versus more substantive issue papers or opinion pieces. With regard to the former, there appears to be broad consensus as to the desirability of the RIF producing meeting minutes 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, as a means to unburden the Chair of this responsibility and fairly allocate the administrative workload.

With regard to the more substantive written products, the existing documents do contemplate the option of a written opinion and the Liaisons do not want to lose that optionality at the early stages of the RIF maturation. The Liaisons believe that while the production of opinions on a regular basis is not reasonable at this time, preservation of the option to produce written work products makes sense. The Liaisons set out for consideration by stakeholders the following concept. As a general rule, the RIF would be primarily focused on the exploration of market issues that affect the EIM and the region. Formal written opinions and recommendations would only be produced upon the specific request of the EIM Governing Body. This request would need to be made sufficiently in advance of any decision by the EIM Governing Body on a particular issue, or allow for a sufficient time for review and production of a written work product if the matter is not one for decision by the EIM Governing Body at the time. If this approach appears acceptable, the Liaisons would set about the development of detailed mechanisms on how any such recommendation would be produced by the Liaisons.

The Liaisons would like to seek further input on the issue raised by Powerex with respect to participation. The RIF itself is open to full participation by any interested party and its meetings and documents are subject to the rules of the ISO that seek to ensure transparency, including open meetings. Participation in the RIF has been robust, and the Liaisons have sought to have meetings throughout the West to facilitate participation. The Liaisons have also tightened, and continue to tighten, coordination with the EIM Body of State Regulators and the EIM Governing Body to improve processes and lessen the burden to participate in these efforts.

Similar to other sector-driven efforts, such as the EIM Nominating Committee and the EIM Transitional Committee, the Liaisons do not believe that the fact that there is a defined number of sectors delegitimizes and disqualifies the RIF from producing work products. The Liaisons are, however, committed to an open process and would welcome suggestions that make the process more inclusive.

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 Liaisons emphasize that the RIF’s primary function is to facilitate a forum for discussion or to provide

educational or information 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 comments received by the RIF on this question varied. The EIM Body of State Regulators, PacifiCorp, NRDC and WRA generally commented that they did not see a need for revisions to the EIM Governance Charter or RIF documents at this time, while PSE and PGE indicated that they are satisfied with the current documents. Alternatively, PGP indicated an expectation that the outcome of the RIF evaluation process would necessitate changes to the RIF Operating Guidelines. Similarly, CMUA commented that revisions to the EIM Governance Charter and other documents may be needed, but cautioned that they "need not be extensive."

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.

The RIF Liaisons are in agreement that identifying any revisions to the EIM Governance Charter would be premature at this time. As described in the "Process and Timeline for Reevaluation" section of this document, the Liaisons propose that following the RIF reevaluation, the ISO Board of Governors consider and make any necessary changes to the EIM Governance Charter. In addition, the RIF Liaisons are in agreement that any necessary changes to the RIF Operating Guidelines be proposed by the RIF and undergo a round of stakeholder comment prior to adoption by the Liaisons.

Recommended Changes to the RIF Operating Guidelines:

Meetings

a. The liaisons shall determine the time and place of RIF meetings, recognizing the requirement of the Governance Proposal and EIM Charter that it hold at least three forums annually. These meetings shall be public.

- b. The liaisons shall determine the agendas for the meetings based on input from stakeholders or requests from the EIM Governing Body. Any stakeholder may propose items for the RIF agenda.
- c. The liaisons shall determine the procedures for RIF meetings, except:
 - i. A quorum for meetings shall be at least one liaison from each sector.²
 - ii. Actions taken by the RIF shall normally be by consensus (i.e. all members can “live with the decision”). With respect to any opinion developed, where there is not a consensus, then majority and minority positions shall be recorded and communicated to the EIM Governing Body.
 - iii. Meetings of the RIF may be in-person or by conference call as determined by the Chair.
 - iv. The RIF will endeavor to schedule in person meetings in locations that will encourage attendance from stakeholders from multiple states.
- d. Liaisons may convene non-public meetings for organizational or deliberative purposes.
- e. The Chair (or designee) shall provide each RIF liaison notice of the time and place of all meetings of the RIF at least 21 days in advance and circulate an agenda that identifies the items that will be discussed at the meeting at least 14 days in advance.
- f. The Chair (or designee) shall also provide notice to interested persons by posting the notice and agenda on the ISO website, as well as websites of other organizations as appropriate. Liaisons will provide notification to their sector participants via email.
- g. The Chair (or designee) will endeavor to provide notice 21 business days prior to the meeting for in-person meetings, and 14 business days prior to the meeting for conference calls, however, these notice requirements may be waived by unanimous consent of the liaisons when the matter(s) to be considered require immediate attention.

² In the event neither liaison from a sector is available for a meeting, that sector’s liaisons may inform the Chair and designate a Proxy representative for the sector, for purposes of achieving a quorum.