

January 18, 2019

**COMMENTS OF THE CITIES OF ANAHEIM, AZUSA, BANNING, COLTON,
PASADENA, AND RIVERSIDE, CALIFORNIA ON THE
EIM GOVERNANCE REVIEW ISSUE PAPER & STRAW PROPOSAL**

In response to the CAISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") provide their comments on the December 14, 2018 EIM Governance Review Issue Paper & Straw Proposal (the "Straw Proposal"):

The Six Cities support the CAISO's recommendation in the Straw Proposal to modify the EIM governing documents to provide that the EIM Governing Body will have primary decisional authority over initiatives that involve proposed changes to the CAISO's Real-Time market if the primary driver for the proposed changes relates to concerns arising from the EIM. In expressing that position, however, the Six Cities are relying on the CAISO's assurances (1) that the CAISO Board of Governors will have the ability to remove a decision by the EIM Governing Body from the CAISO Board's consent agenda in the event there are concerns about the impact of that decision on market participants within the CAISO BAA, and (2) in such event, both the CAISO Board and the EIM Governing Body must approve the resolution of the initiative. Straw Proposal at 4 and Attachment B at 2-3.

With respect to issues that may be included in a comprehensive review of EIM governance, the Six Cities believe that identification and/or consideration of such issues at this time would be premature in light of anticipated initiatives involving CAISO market design. The Six Cities support comments being submitted by the California Municipal Utilities Association ("CMUA") explaining that potential expansion of the CAISO's Day-Ahead market features to include EIM areas (referred to as the "EDAM" initiative) may have significant implications for EIM governance. The Six Cities agree with CMUA that it makes sense from the perspective of efficient use of CAISO, EIM Governing Body, and stakeholder resources to defer overall review of EIM governance for the time being, pending further developments in the EDAM initiative.

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