

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide written comments on the EIM Governance straw proposal posted on March 19, 2015.

[Please submit comments to EIM@caiso.com](mailto:EIM@caiso.com) by close of business April 16, 2015

The straw proposal is available on the ISO website at:

http://www.caiso.com/Documents/StrawProposal-LongTermGovernance_EnergyImbalanceMarket.pdf

The slides presented during the March 31, 2015 stakeholder meeting are available at:

http://www.caiso.com/Documents/Agenda_EnergyImbalanceMarketGovernance-StrawProposal.pdf

The EIM Transitional Committee welcomes and appreciates stakeholder feedback related to the straw proposal for the EIM Governance initiative. Please use the following template to comment on the key topics addressed in the proposal:

Structure - composition of the Nominating Committee, composition of the EIM governing body, and process for selecting members.

Comment: As noted in their January 26, 2015 comments on conceptual models for EIM governance, it is critical that the EIM governing body include in its constituency all market participants directly involved in or subject to EIM transactions. At this initial stage, the straw proposal for composition and selection of members for the EIM governing body appears to be consistent with that principle. However, as the ISO begins the selection process it should be kept in mind that the fundamental purpose of the EIM is to enhance regional optimization of physical resources and use of physical transmission assets rather than to organize a new market for energy/transmission derivative products.

Scope of authority – scope of authority, including whether it is appropriate and

workable, the examples of issues that would fall within the primary and secondary authority of the EIM governing body, and process for resolving disagreements about the particular proposed rule changes or the scope of authority generally.
Comment: Although the Six Cities support the overall model for EIM governance recommended in the straw proposal and the conceptual distinction between the types of decisions under the authority of the EIM governing body versus decisions reserved to the ISO Board, this represents a classic “devil in the details” challenge. The Cities believe that the principles for assigning decision-making to the EIM governing body versus the ISO Board must be both specific and comprehensive. The fundamental guiding principle must be that issues that affect not only the operation of the EIM but also the ISO’s other markets are within the authority of the ISO Board, with due regard for input from the EIM governing body. There also must be a clear process to resolve promptly any disagreements about which body has primary authority to address an issue. On these points the straw proposal needs substantial additional work.
Documentation – documentation of these arrangements in the ISO’s bylaws and a charter from the ISO Board of Governors, and mission of the EIM governing body that would be identified in its charter
Comment: The Six Cities have no comments at this time on this aspect of the straw proposal.
Committee of regulators – composition, including the balance of representation between state commissions and public power, and role of the committee
Comment: The Six Cities support the recommendation in the straw proposal that public power entities have two representatives on the advisory committee of state regulators. This is appropriate in consideration of the role of public power entities as representatives of the end-use customers to which they provide service, similar to the role of state regulators as representatives of the end-use customers of utilities subject to state regulatory supervision.
Trigger for re-evaluating EIM governance
Comment: Several days prior to the preparation of these comments, the ISO and PacifiCorp announced that they are studying the potential for PacifiCorp to participate fully in the ISO as a Participating Transmission Owner (“PTO”). If PacifiCorp does become a PTO in the ISO, it is likely to significantly alter the scope and functioning of all of the ISO’s markets and the EIM. It would be a waste of all parties’ resources to devote substantial time and effort to developing a long-term governance structure for the EIM as it currently is configured in light of the possibility that substantial changes in the ISO markets may require modifications to EIM governance. The Six Cities recommend that further effort to develop a long-term EIM governance structure be deferred until there is more information available concerning the nature of PacifiCorp’s expected relationship with the ISO.

Criteria for evaluating proposals – to revise and simplify the criteria for evaluating governance proposals, as reflected in the appendix
Comment: The Six Cities have no comments at this time on this aspect of the straw proposal.
Miscellaneous items – Please provide comments to other aspects of the straw proposal or governance related issues here.
As described above, the Six Cities believe that further efforts for development of a long-term governance structure for the EIM should be deferred until there is greater clarity regarding PacifiCorp’s future role in the ISO’s markets. Whenever it is developed, however, the initial charter for the EIM board need not and should not be cast in concrete, as noted in the Cities’ January 26 comments on the conceptual models for governance of the EIM. Market participants should anticipate that the role of the EIM governing body will evolve as the EIM matures and expands, subject to the overall guiding principle that future developments in EIM rules must be consistent with the CAISO Real-Time market platform in which the EIM operates.