

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the Energy Imbalance Market Draft Final Governance Proposal and Draft Charter posted on November 7. Submit comments to

EIM@caiso.com. **Comments are due November 25, 2013 by 5:00pm**

Draft Final Governance Paper:

http://www.caiso.com/Documents/DraftFinalGovernanceProposal_EnergyImbalanceMarket.pdf

Draft Final Charter:

http://www.caiso.com/Documents/DraftFinalTransitionalCommitteeCharter_EnergyImbalanceMarket.pdf

Please provide your comments following each of the topics listed below:

- 1. Do you support the change in the schedule for the sector nomination and ranking process and for establishing membership of the Transitional Committee? Please explain the basis for your views.**

Comments: AReM has no comments on this topic at this time.

- 2. Do you support the clarification of the ranking process and the qualifications for the Transitional Committee membership? Please explain the basis for your views.**

Comments: No. The sector definitions of the Transitional Committee continue to exclude electric service providers (ESPs) and community choice aggregators (CCAs). AReM notified the CAISO of this issue in comments submitted on October 25, 2013 on the Draft

¹ AReM is a California non-profit mutual benefit corporation formed by electric service providers that are active in the California's direct access market. This filing represents the position of AReM, but not necessarily that of a particular member or any affiliates of its members with respect to the issues addressed herein.

Charter. AReM recommended a minor change to the definition of the Generators or Marketers sector to address its concerns.

The Draft Final Transitional Committee Charter issued November 7, 2013 did not incorporate the recommended change and failed to address AReM's concerns. In a subsequent conversation with Mr. Don Fuller of the CAISO, AReM was informed that the CAISO believed that ESPs and CCAs already fit into "two or three" of the sector categories and thus changes to the definitions were unnecessary. In addition, the CAISO's presentation for the meeting on November 14 makes the same assertion, stating that ESPs and CCAs "should qualify in the Generators and Marketers, IOU or POU sectors."² These statements are incorrect, as explained below:

- To qualify as a member of the "Investor-Owned Utilities" (IOU) sector, ESPs would have to "provide wholesale generation or transmission services," in addition to providing "electric service to retail customers."³ ESPs do not provide wholesale generation or transmission services.
- To qualify as a member of the "Publicly-Owned Utilities" (POU) sector, ESPs would have to be a government entity, "provide electric service to retail customers," and "provide wholesale generation or transmission services."⁴ ESPs are not government entities and do not provide wholesale generation or transmission services.
- To qualify as a member of the "Generators and Marketers" sector, ESPs would have to "engage in the *wholesale* purchase or sale of electric energy or capacity."⁵ While ESPs engage to some extent in the wholesale market, their primary activity is to "provide electric service to *retail* customers," which is not included as part of the sector definition (it is included in the IOU and POU sector definitions). Thus, AReM believes that this sector definition can be read to exclude ESPs (and CCAs).

In its October 25th comments, AReM proposed a simple change to the definition of the Generators and Marketers' sector to make clear that ESPs (and CCAs) *qualify* as members and avoid leaving the issue open to future interpretation and misunderstanding. AReM reiterates that request here by recommending that the definition of Sector #3, "Generators and Marketers," be revised as follows:

Generators and marketers: Generators and marketers are entities that engage in the wholesale **or retail** purchase or sale of electric energy or capacity. Entities may participate in this sector without regard to the fuel source of the underlying generation.

² CAISO Presentation, November 14, 2013, p. 8.

³ EIM Draft Final Transitional Committee Charter, Section F.1, p. 5.

⁴ EIM Draft Final Transitional Committee Charter, Section F.2, p. 5.

⁵ EIM Draft Final Transitional Committee Charter, Section F.3, p. 5.

ESPs and CCAs are load-serving entities (LSEs), which each reliably serve their loads, meet resource adequacy and renewable portfolio standards requirements, and are active buyers and sellers in CAISO markets. ESPs serve currently 13% of the retail customers in the IOUs' service areas.⁶ The Draft Final Governance Proposal provides no justification for excluding these entities, which represent a significant segment of the California market.

Moreover, the CAISO's "belief" that ESPs and CCAs *must fall* into one of the sector categories is insufficient, particularly when considering that the EIM Governance paper and draft final charter make no mention of the competitive retail market in California, or of the ESPs and CCAs that operate in that market in direct competition with the IOUs. The CAISO can simply and easily remedy this oversight by adopting AReM's recommended modification to the Generator and Marketer sector definition. If the CAISO elects not to do so, AReM requests that the CAISO thoroughly explain and support its rationale.

3. Do you have any comments on the draft final charter? Please explain.

Comments: Yes. See answer to Question 2.

4. Do you have any additional comments not covered above on the changes made in the draft final governance proposal?

Comments: No.

⁶ See most recent CPUC "Supplemental Direct Access Implementation Report," dated August 15, 2013, available at: <http://www.cpuc.ca.gov/PUC/energy/Retail+Electric+Markets+and+Finance/Electric+Markets/Direct+Access/thru2008.htm>