

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide written comments on the draft final proposal for the EIM Governance posted on June 22, 2015.

Please submit comments to EIM@caiso.com by close of business July 9, 2015

The draft final proposal is available on the ISO website at:

http://www.caiso.com/Documents/Briefing_Governance_Proposal-DraftFinalProposal-June2015.pdf

The slides presented during the June 25, 2015 EIM Transitional Committee meeting are available at:

http://www.caiso.com/Documents/Briefing_GovernanceProposal-Presentation-Jun2015.pdf

The EIM Transitional Committee welcomes and appreciates stakeholder feedback related to the draft final proposal for the EIM Governance Development initiative.

Please use the following template to comment on the key topics addressed in the proposal. Organizing your submission around the different sections of the EIM governance proposal will assist the Committee in its review of the comments.

Introduction -

Comment:

The Bonneville Power Administration (Bonneville) welcomes the opportunity to comment on the EIM Governance Draft Final Proposal (Draft Proposal) published by the EIM Transitional Committee on June 22, 2015. Bonneville appreciates the effort and time the Transitional Committee members have dedicated to preparing the Draft Proposal for public comments. Bonneville submits these comments in the spirit of furthering the development of the Draft Proposal to meet the needs of regional parties. As explained more fully below, Bonneville plays a unique role in the Pacific Northwest in relation to the EIM footprint. As a regional balancing authority, Bonneville's transmission system interconnects with all of the current EIM Entities and most of the proposed EIM Entities. Coordination with, and appreciation for, Bonneville's transmission operations are thus critical to the EIM's operations. Bonneville is also responsible for delivering federal power to a number of publicly-owned utilities located in the PacifiCorp, NV Energy, and Puget Sound Energy balancing authority areas. Bonneville is a transmission customer of the EIM Entities and will be subject to the EIM's rules, requirements, and charges. Bonneville's comments are designed to aid the Transitional Committee in developing the recommendation such that these regional and system characteristics are recognized and considered.

1. Basics of the EIM governing body

Comment:

Cost of Draft Proposal

The EIM Transitional Committee should work with CAISO staff on a detailed cost estimate of the annual budget for the establishment and on-going cost of the EIM governing body and associated staffing and system requirements. The cost estimate should be shared with stakeholders and included in the final governance proposal when it is presented to the ISO Board. While the cost will likely not be substantial, the proposal should consider how the cost of governance will be allocated to EIM participating balancing authorities and how these entities will collect these costs from their customers. Bonneville suggests that the Transitional Committee propose an allocation methodology and take comments from stakeholders as part of the EIM Governance Proposal process.

2. Selecting members of the EIM governing body (including the selection process and composition of the nominating committee)

Comment:

The Draft Proposal identifies five sectors that will nominate members to the nominating committee that will select the EIM governing body members. While Bonneville is a supplier of generation, and therefore could be a member of the marketer sector, its interest in the EIM is more closely aligned to the publicly-owned utilities located within

an EIM footprint. As noted previously in Bonneville’s comments, Bonneville serves 35 publicly-owned customers in the EIM Entities. For almost all of these customers, Bonneville holds and administers the relevant transmission contracts with the EIM Entities, and is responsible for paying for the transmission and ancillary service-related charges. Bonneville, thus, is in the best position to represent these customers’ interests and will be able to provide valuable input to the nominating committee process. In light of this unique role, Bonneville believes the publicly-owned utility sector, as described on page 15 of the Draft Proposal, should be revised to read as follows:

Publicly-owned utilities and **Power Marketing Administrations** located **within** or **servicing** **load** within an EIM footprint (including the ISO’s balancing authority area); and

3. Scope of authority (including the proposed process for resolving disputes about which body has primary authority over a particular policy initiative)

Comment: No comments

4. Composition and role of the advisory body of state regulators (including leaving development of their role and relationship with the ISO to the regulators themselves)

Comment: No comments

5. Regional Advisory Committee (including what issues the proposed committee should address and whether it would provide a productive forum for discussion of the issues and/or would enhance the ISO’s existing stakeholder process)

Comment:

Bonneville appreciates the Transitional Committee’s modification to the earlier draft of the proposal and supports the creation of a Regional Advisory Committee. Also, Bonneville agrees that the Regional Advisory Committee members should be responsible for their own costs and this Committee should impose no costs on the ISO or the EIM governing body, other than the suggested logistical support from ISO staff for setting up meetings.

Bonneville does question some of the particulars included in the Draft Proposal. Specifically, the proposal contains the following statement: “[g]enerally speaking, the Regional Advisory Committee would not take up for consideration individual policy issues that are currently part of an ongoing stakeholder process, but rather would

address broader issues of EIM market operations.” Bonneville questions what is intended by the vague reference to “broader issues of EIM market operations.” Bonneville recognizes that the Regional Advisory Committee is not intended to displace the existing stakeholder process, but Bonneville strongly believes that the Regional Advisory Committee should not be precluded from addressing specific policy and market design issues. Allowing the Regional Advisory Committee to address specific policy and market design issues will allow for a dialogue and potential consensus that would enhance the overall stakeholder process.

The Draft Proposal also does not speak to how the Regional Advisory Committee or the Regulatory Committee will interact with the EIM governing body. Bonneville suggests that the Transitional Committee provide some guidance in the final proposal for how this interaction shall occur. For example, proposals made by the Regional Advisory Committee should be given due consideration by the EIM governing body and the EIM governing body should either adopt the proposals or provide a responsive explanation as to why it is choosing not to adopt the Regional Advisory Committee’s proposals. If the Transitional Committee provides some level of detail on the interaction between the Regional Advisory Committee and the EIM governing body in the final proposal, it will set a foundation that will establish roles and should provide for the Regional Advisory Committee to add real value to the existing stakeholder process.

At the June 25th Transitional Committee meeting it was suggested that in the interest of keeping the group small and effective the Regional Advisory Committee should be made of one member selected from each of the listed sectors. Bonneville suggests that Regional Advisory Committee be composed of two members from each sector. This would recognize that there is some diversity among the members of each sector. For example, different publically-owned utilities will have a different relationship with the EIM depending on their geographic location and EIM issues will impact different neighboring balancing authorities differently. Allowing two members from each sector would maintain a smaller group for functional considerations, but it would allow multiple viewpoints from each sector to be considered by the group as a whole.

Also, Bonneville requests clarification regarding the Transitional Committee’s definition of one of the sectors represented on the Regional Advisory Committee. It is not clear to Bonneville which entities are intended to be included in the “transmission-owning utilities” sector and how this sector would potential differ from those included in the neighboring adjacent balancing authority areas sector. Is “transmission-owning utilities” intended to include transmission owner as defined by the CAISO tariff, or is it intended to capture transmission-owning utilities that are not adjacent balancing authority areas?

6. Commitment to re-evaluate governance

Comment: No comments

7. Miscellaneous items.
<p>Comment: <u>ISO Staff Support</u></p> <p>The Draft Proposal continues to recommend that one ISO staff member be assigned to support the EIM governing body. This ISO staff member would act as a liaison with other ISO staff to obtain additional support as needed. Bonneville appreciates this clarification, but suggests that there should be two or three staff assigned specifically to the EIM governing body. Three reasons support expanding the EIM governing body’s staff: 1) additional staff will ensure that the EIM governing body’s work is a priority, whereas, leaning on ISO staff for additional help may tend to make the EIM governing body’s work one of many competing priorities for ISO staff; 2) assigning the costs of ISO Staff dedicated to the EIM governing body will be simpler than tracking individual ISO Staff that are temporarily assigned to work on EIM matters; and 3) additional staff will also preserve continuity between the EIM governing body and ISO staff in the event of a personnel change or prolonged absence of the EIM governing body’s ISO staff representative.</p>