

# Memorandum

**TO:** Energy Imbalance Market Governing Body  
**FROM:** Ann Rendahl, Chair, EIM Body of State Regulators  
**DATE:** August 23, 2016  
**RE:** EIM Body of State Regulators Update

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*This memorandum does not require action by the Governing Body.*

## **BACKGROUND**

In September 2015, the California Independent System Operator (ISO) Board of Governors adopted a proposal of the ISO's Energy Imbalance Market (EIM) Transitional Committee to establish an EIM governing body in response to the regional nature of ISO's energy imbalance market.<sup>1</sup> The EIM Body of State Regulators (BOSR) is one of two stakeholder bodies created in the governance proposal. The other is the Regional Issues Forum.

State regulators have authority over investor-owned utilities operating in their states, in particular the prudence of the utilities' operations and management, and in determining whether the utilities' rates are fair, just, reasonable and sufficient. As these utilities begin to participate in the EIM, the Transitional Committee recognized the need for state regulators to understand the market and participate in discussions about the EIM.

The EIM Body of State Regulators was established to provide a forum for state regulators to understand the EIM and express a common position to the EIM Governing Body or the ISO Board of Directors on matters related to or affecting the EIM. The BOSR is also responsible for nominating a member of the EIM Governing Body Nominating Committee.

## **MEMBERSHIP AND FORMATION**

The EIM Body of State Regulators is comprised of one state public utilities commissioner from each of the states in which a regulated load-serving utility participates or plans to participate in the EIM. Following the ISO Board's approval of the governance proposal, state commissions in which utilities were participating or had stated their intent to participate in the EIM identified commissioners as members of the BOSR.

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<sup>1</sup> Long-Term Governance of the Energy Imbalance Market – Final Proposal, California ISO EIM Transitional Committee, as adopted by the EIM Transitional Committee August 19, 2015.  
[http://www.caiso.com/Documents/Decision\\_EIM\\_GovernanceProposal-AttachA-Proposal-Sep2015.pdf](http://www.caiso.com/Documents/Decision_EIM_GovernanceProposal-AttachA-Proposal-Sep2015.pdf).

The current members include:

Doug Little, Arizona	John Savage, Oregon
Michael Picker, California	Thad LeVar, Utah
Kristine Raper, Idaho	Ann Rendahl, Washington (BOSR Chair)
Paul Thomsen, Nevada	Bill Russell, Wyoming

These member commissioners have identified commission staff from their state commissions to participate in the activities of the BOSR. In addition, commissioners from other western states have expressed an interest in participating in meetings as well.

The first in-person meeting of the BOSR was held on October 28, 2015, just prior to the fall meeting of the Western Interstate Energy Board (WIEB) and its Committee on Regional Electric Power Cooperation (CREPC) in San Diego, CA. The Executive Director of WIEB, Maury Galbraith, assisted the state commissioners in organizing and hosting the meeting. Mr. Galbraith also assisted with the commissioners' selection of the chair of the BOSR and selection of a member of the Nominating Committee. Prior to the meeting, the commissioners selected Ann Rendahl, Commissioner from the Washington Utilities and Transportation Commission, as Chair of the BOSR.

At the October 28 meeting, the BOSR selected Doug Little, Chair of the Arizona Corporations Commission, as a member of the Nominating Committee. The BOSR also discussed a draft charter, and received a presentation from representatives of the ISO and PacifiCorp on the status of the EIM, governance, benefits and ongoing issues.

In the Spring of 2016, the BOSR began to discuss logistics for meetings, both in-person and via conference call and approved a charter. WIEB agreed to host a web page for the BOSR, including organizational documents, a meeting schedule, and any documents presented during meetings of the BOSR.<sup>2</sup> Notices of BOSR meetings, both in-person and via conference call, are posted on the WIEB site, and included as recessed open meetings in the open meeting agendas of the Washington Utilities and Transportation Commission.<sup>3</sup>

## **MEETINGS AND ISSUES**

Telephonic meetings of the BOSR are held approximately twice each month. One meeting addresses issues specific to the EIM, while the other meeting focuses on issues related to the development of a regional ISO.<sup>4</sup>

In-person meetings of the BOSR are held twice annually in conjunction with the Fall meeting of WIEB/CREPC and the Spring meeting of the Western Conference of State

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<sup>2</sup> The BOSR web page is located on the WIEB site: <http://westernenergyboard.org/eim-bosr/what-we-do/>.

<sup>3</sup> The UTC web site includes a page for open meetings, and includes a link to current and prior agendas: <http://westernenergyboard.org/eim-bosr/what-we-do/>.

<sup>4</sup> In the Spring of 2015, PacifiCorp stated its intent to join the California ISO as a participating transmission owner. Soon after forming, members of the BOSR expressed an interest in participating in discussions regarding the formation of a regional ISO, in particular the governance of a regional ISO.

Regulatory Commissioners. By holding the BOSR meetings just prior to the organization meetings, state regulators are more likely to attend and receive approval for travel.

Given different state laws governing out-of-state travel, ethics and gifts, the members of the BOSR have declined reimbursement from the ISO for travel costs related to BOSR meetings. For the last two meetings, WIEB, the Western Conference and CAISO have contributed to the costs of hosting the meetings and providing telephone conferencing options.

The BOSR has received presentations from representatives of the ISO, PacifiCorp and others on the following EIM topics:

- Governance Implementation
  - Actions of the EIM Nominating Committee
  - Status of the EIM Governing Body
- Status Updates – generally
  - EIM Design and Enhancements (Year 1, Phases 1 and 2)
  - EIM Benefits and Calculation of Benefits
- Market Monitoring
- Market Power in the EIM
- EIM FERC Cases
- ISO Flexible Ramping Product
- Bonneville Power Administration Engagement in EIM

## **FUTURE TOPICS AND ISSUES**

The BOSR meetings over the last nine months have focused on general education and exploration of how the EIM works. Now that the EIM Governing Body is established, the BOSR looks forward to working with the Governing Body, focusing on the issues before the Governing Body, and submitting comments or common positions on issues before the Governing Body for decision.

In particular, the BOSR will focus on changes to the EIM going forward. In the next few months, both Puget Sound Energy and Arizona Public Service are scheduled to go live in participating in the EIM. During the next several years, additional utilities will begin participating and others will announce their participation in the EIM. The BOSR will continue to monitor the performance of the EIM and any changes to the design or operation of the EIM, including changes to costs of compliance with California's rules governing greenhouse gas emissions, i.e., carbon attribution, and proposals for how to address external resource scheduling, also referred to as inertia bidding.

## **UPCOMING MEETINGS:**

The next telephonic BOSR meeting is scheduled for Monday, September 12, 2016 at 2:00 pm. An agenda will be posted by September 8, 2016.

An in-person meeting of the BOSR will be held the morning of October 31, 2016, in San Diego, CA, prior to the fall WIEB CREPC meeting. An agenda will be posted in mid-October.