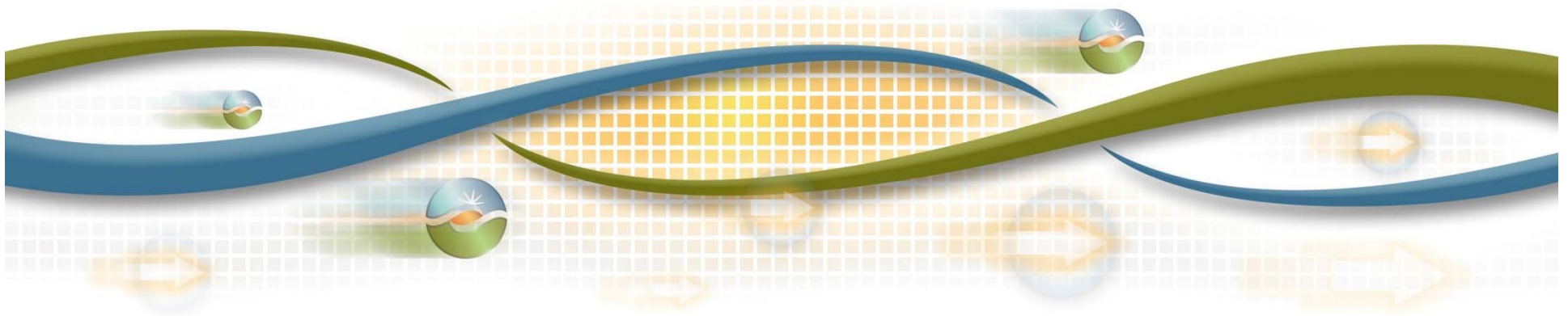




California ISO

EIM Transitional Committee Governance Draft Final Proposal

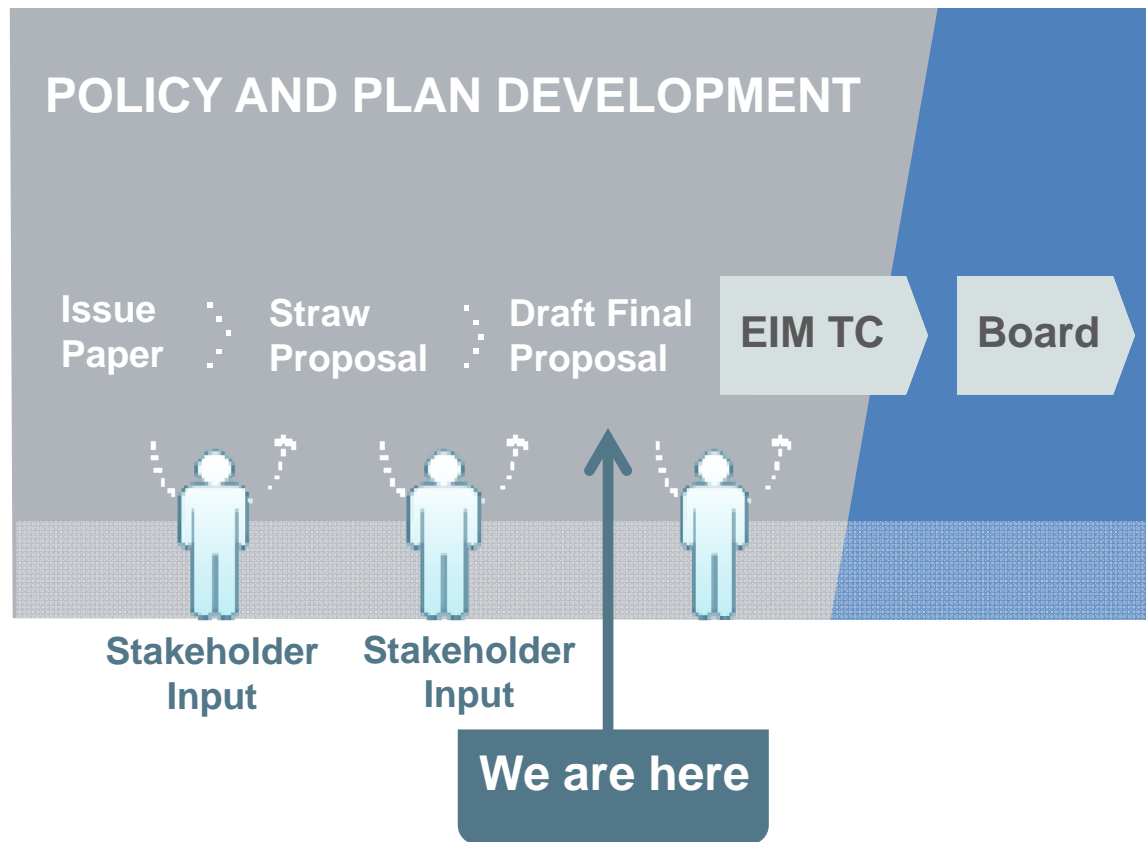
EIM Transitional Committee Meeting
General Session
June 25, 2015



Agenda

Time	Topic	Presenter
9:30 – 9:40	Introduction	Kristina Osborne
9:40 – 9:50	Operation of the EIM governing body	Dede Hapner
9:50 – 10:10	Selection of members – nominating committee	Rebecca Wagner
10:10 – 10:20	Delegated authority	Kevin Lynch
10:20 – 10:25	Documentation	Carl Zichella
10:25 – 10:50	Committee of state regulators	Travis Kavulla
10:50 – 11:15	Regional advisory committee	Tony Braun
11:15 – 11:20	Commitment to re-evaluate Governance	Natalie Hocken
11:20 – 11:30	Wrap-up and Next Steps	Kristina Osborne

The EIM Transitional Committee is following an iterative process



Responses to straw proposal are summarized in the draft final proposal, and detailed in matrix

California ISO

ABOUT US PARTICIPATE STAY INFORMED PLANNING MARKET & OPERATIONS RULES

Home > Stay Informed > Stakeholder Processes > Energy Imbalance Market Governance Development

Energy Imbalance Market (EIM) governance development

The implementation of EIM necessitates that all entities, whether inside or outside California, are given a voice in the decision-making process going forward. The EIM Transitional Committee is a stakeholder body tasked with developing a long-term governance structure and advising the Board on EIM. Through this initiative the EIM Transitional Committee will first evaluate the general relationship between the ISO and EIM governing body, and criteria for evaluating governance proposals. Then the committee will vet its proposal for long-term EIM governance with stakeholders.

Policy development

Energy Imbalance Market governance development - papers and proposals

- ISO-RTO Governance Structures - Oct 2014 10/16/2014 15:07
- ISO-RTO Committee Structures - Oct 2014 10/16/2014 15:07
- Briefing on ISO Tariff Framework - Oct 2014 10/16/2014 14:56
- Briefing on Energy Imbalance Market - Jul 1, 2014 7/01/2014 09:25
- Issue Paper - Conceptual Models for Governing the Energy Imbalance Market 1/05/2015 11:21
- Straw Proposal - Long-Term Governance of the Energy Imbalance Market 2/19/2015 16:36
- Tentative Schedule of Events - EIM Transitional Committee 5/13/2015 10:27
- Stakeholder comments
- Stakeholder comments on issue paper
- Stakeholder comments on straw proposal
 - WUTC Comments - Energy Imbalance Market Governance Development Straw Proposal 6/11/2015 15:21
 - Comments Template - Energy Imbalance Market Governance Development Straw Proposal 4/01/2015 09:07
 - Xcel Energy Comments - Energy Imbalance Market Governance Development Straw Proposal 4/16/2015 16:22
 - WVRA Comments - Energy Imbalance Market Governance Development Straw Proposal 4/20/2015 16:25
 - WPTF Comments - Energy Imbalance Market Governance Development Straw Proposal 5/12/2015 14:22

Comments Matrix found here

<http://www.caiso.com/informed/Pages/StakeholderProcesses/EnergyImbalanceMarketGovernanceDevelopment.aspx>


Stakeholder engagement schedule

Date	Event
January 5	Issue Paper posted
January 12	Stakeholder meeting on Issue Paper
January 26	Stakeholder comments due
March 19	Committee to post Straw Proposal
March 31	Stakeholder meeting on Straw Proposal
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Transitional Committee

1. **Chair Rebecca Wagner**, Commissioner, Public Utilities Commission of Nevada
2. **Brad Albert**, Arizona Public Service Co.
3. **Stephen Beuning**, Xcel Energy, Inc.
4. **Tony Braun**, Braun Blaising McLaughlin & Smith, PC (representing CA Municipal Utility Association)
5. **Dede Hapner**, Pacific Gas and Electric Company
6. **Natalie Hocken**, Representative from EIM Entity PacifiCorp
7. **Travis Kavulla**, Commissioner, Montana Public Service Commission
8. **Kevin Lynch**, Iberdrola Renewables
9. **David Mills**, Representative from EIM Entity Puget Sound Energy
10. **Mark Smith**, Calpine Corporation
11. **Walter Spansel**, Representative from EIM Entity NV Energy
12. **Robert Weisenmiller**, Chair, California Energy Commission
13. **Carl Zichella**, Natural Resources Defense Council



Roadmap: This presentation will explain how the *Draft Final Proposal* has clarified and changed the *Straw Proposal*

- Operation of EIM governing body
- Delegated authority over EIM market rules
- Selection of members by a nominating committee
- Approval of nominees
- Documentation (i.e., arrangements reflected in ISO bylaws)
- Committee of state regulators
- Regional Advisory Committee (new)
- Trigger to re-evaluate governance



Transitional Committee member Dede Hapner

OPERATION OF THE EIM GOVERNING BODY

Background from the *Straw Proposal*: Basics of the EIM governing body

- Members independent of market participants and stakeholders
- Charter from the ISO Board detailing roles and responsibilities
- Fundamental mission:
 - Promote, protect and expand the success of EIM as a whole by ensuring that its participants benefit
 - With due consideration given to the interest of all parties that participate



The *Draft Final Proposal* clarified three points about operations of the EIM governing body

- Follow procedures and policies of the ISO Board of Governors, including open meetings
- Rely on the stakeholder process the ISO uses currently
 - EIM initiatives to be identified separately

The *Draft Final Proposal* clarified three points about operations of the EIM governing body (continued)

- Compensation of members
 - Similar to Board of Governors, but commensurate with actual work
 - Expect EIM governing body will require less work than the Board of Governors
 - ISO Board will have to monitor work required and adjust in light of experience
 - Nominating committee to recommend an initial compensation level




Transitional Committee member Rebecca Wagner

SELECTION OF MEMBERS – NOMINATING COMMITTEE

Background from the *Straw Proposal*: Members of the EIM governing body to be identified by a nominating committee

- **Four** voting members representing stakeholder sectors
- **Five** advisory members
- Executive search firm to identify at least two candidates for each open position
- Operate by consensus of voting members
- Select slate of one nominee for each open position
- Slate should be diverse, including geographically and by area of expertise
- Initial slate approved by ISO Board, future members approved by EIM governing body



The *Draft Final Proposal* added detail about the candidates sought for the EIM governing body

- Should have senior executive level experience and a proven reputation for excellence
- Best candidates available in the United States
- Geographic diversity means that no state or sub-region should have excessive representation

The *Draft Final Proposal* revised the composition of nominating committee

- Representative of state regulators committee to be voting member (formerly advisory)
 - Consensus of voting members will reflect public interest representative
- CEO of ISO no longer part of the nominating committee
 - Nominating committee reduced to nine members



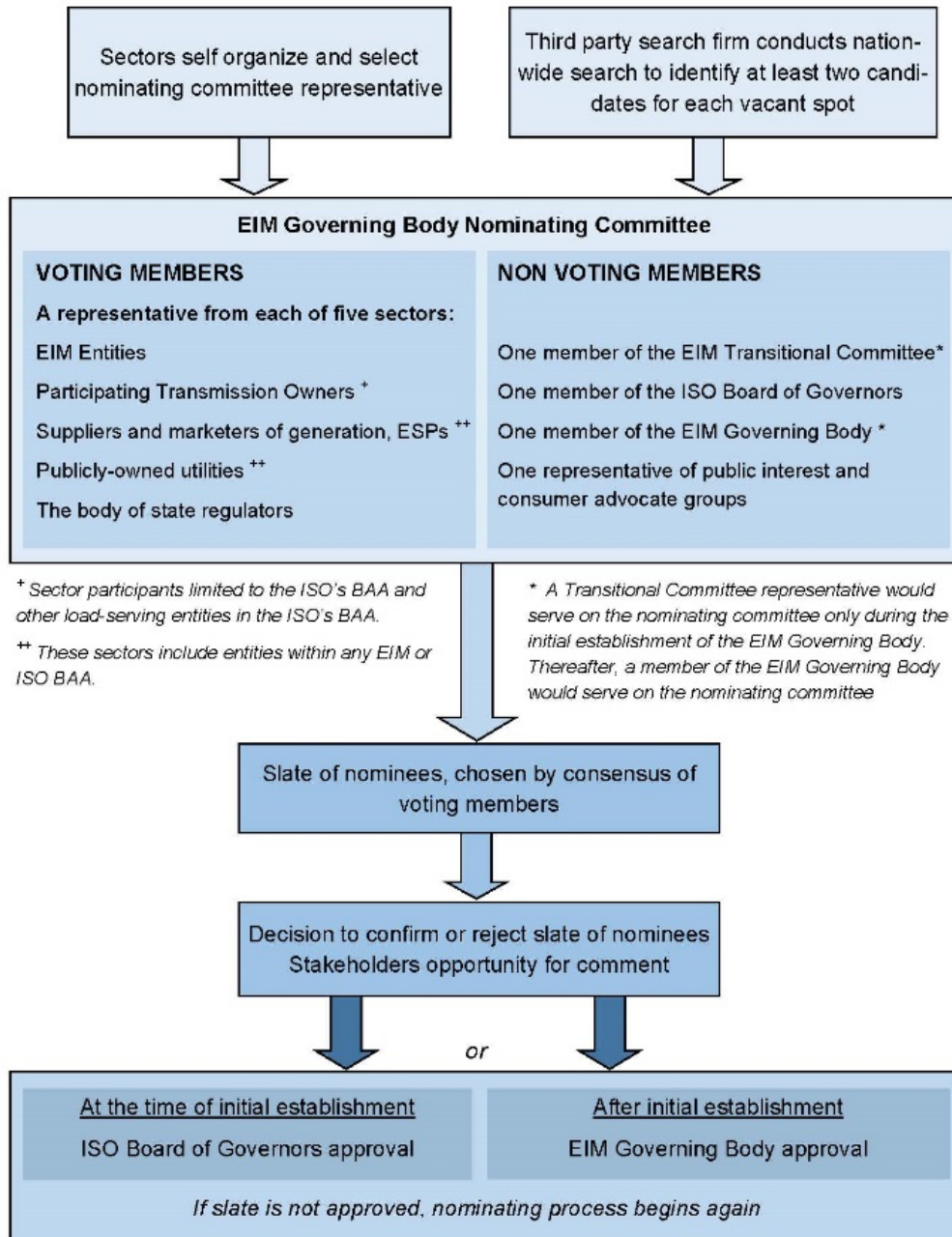
Background from the *Straw Proposal*: Slates of nominees are subject to approval by Board of Governors or EIM governing body

- In open meetings, to allow an opportunity for public comment.
- First slate of five nominees – approval by Board of Governors
- Subsequent nominees – approval by EIM governing body
- Approval is an “up or down” vote on the entire slate

The *Draft Final Proposal* added detail about assigning initial members to staggered terms after approval

- Assigned by chance
 - One term of one year
 - Two terms of two years
 - Two terms of three years


EIM Governing Body Nominating and Selection Process






Transitional Committee member Kevin Lynch

DELEGATED AUTHORITY




Background from the *Straw Proposal*: the EIM governing body would have a defined authority over market rules

- “Primary authority” over market rules that would not exist “but for” EIM
 - e.g., access charge and rate design for EIM transfers (reciprocity)
- ISO will file rule changes approved by both EIM governing body and Board of Governors
 - If change approved by EIM governing body, would go on ISO Board’s consent agenda




The *Draft Final Proposal* describes the process for developing guidelines about scope of “primary authority”

- After governance proposal is adopted
- Through public stakeholder process
- Consistent with “but for” test outlined in *Draft Final Proposal*
- Recommend guidelines be general
- Skeptical about value and practicality of designating individual tariff sections for one body or another




The *Draft Final Proposal* includes a process for resolving disagreements about which body has authority over a proposed rule change

- For each new policy initiative, staff will:
 - identify which body will have primary authority
 - inform both bodies of new initiatives and classifications
- Within 60 days, either body may raise questions about a classification
- If either body objects to staff guidance, dispute resolution will commence



The *Draft Final Proposal* includes a process for resolving disagreements about which body has authority over a proposed rule change (continued)

- Public notice
- Stakeholders invited to comment
- Two bodies meet as a “committee of the whole” to discuss and vote
- Any tie broken by Chair of the ISO Board of Governors



The *Draft Final Proposal* also clarifies how the Board responds to the consent agenda.

- Background: *Straw Proposal* specified that, if EIM governing body approves a change within its primary authority, matter placed on the Board's consent agenda
- Consent agenda expedites action, consistent with expectation that Board will routinely approve matters within primary authority of EIM body
- The *Draft Final Proposal* clarifies that the Board must vote yes or no on consent agenda proposals - no "pocket veto"




Transitional Committee member Carl Zichella

DOCUMENTATION

Background from the *Straw Proposal*: EIM governance to be reflected in ISO bylaws.

- Bylaws amended as follows:
 - Establish EIM governing body
 - Define and delegate authority
 - The *Straw Proposal* requested comment on whether the bylaws should establish specific rules about withdrawing the delegation of authority



The *Draft Final Proposal* provides additional information about the process for bylaw changes

- Stakeholders asked about the process for amending the bylaws and opportunities for input
- ISO bylaws are amended by a vote of Board
- Vote in a public meeting, which allows opportunity for stakeholder input
- Transitional Committee will review the proposed changes that are submitted to the ISO Board to confirm that they are consistent with the proposal
- Beyond that, leave process for stakeholder input to the Board



The *Draft Final Proposal* proposes a specific rule for rescinding the delegation of authority

- The bylaws provisions delegating authority to the EIM body can be amended by
 - Majority vote of both bodies, or
 - Super-majority vote of either body



Transitional Committee member Travis Kavulla

COMMITTEE OF STATE REGULATORS

Background from the *Straw Proposal*: Establish a committee of state regulators

- Forum to educate regulators on market developments
- Allow regulators to express common positions on issue of interest
- State regulators - one representative from each state public utilities commission in which load-serving utilities participate in EIM
- Two comparable representatives of participating publicly-owned utilities located within EIM footprint




The *Draft Final Proposal* affirms the recommendation that a body of state regulators is important

- Though state regulators do not have authority over the ISO or EIM, the EIM affects and interacts with matters that are within state jurisdiction
- State regulators are resource constrained
- Without a committee and assistance from the ISO, it may be challenging to keep up on relevant developments in EIM

The *Draft Final Proposal* limited membership to state regulators only.

- The *Straw Proposal* would have included representatives of public power
- Transitional Committee changed its mind
 - Stakeholder feedback
 - Consistent with regulators state committees at eastern RTOs
 - Publicly-owned utilities are different than regulators because they are also market participants, and are appropriately included in the Regional Advisory Committee



The *Draft Final Proposal* adds that the regulators themselves should weigh in on the activities of their committee and its relationship with the ISO

- Proposes a cost-effective structure to get meetings started
- As regulators become familiar with EIM, they may have ideas about how to house or operate the group
- To the extent they desire changes, work with ISO Board



Transitional Committee member Tony Braun


REGIONAL ADVISORY COMMITTEE

Background: The Regional Advisory Committee is a new element that was not part of the *Straw Proposal*

- Body of stakeholder representatives
- Meet in public approximately quarterly
- Review high-level EIM issues – generally not at the level of detailed market design initiatives
- Two reasons added to proposal:
 - Positive experience of Transitional Committee in resolving issues face-to-face
 - Expanded regional footprint may benefit from augmented process
 - Vehicle for representation of neighboring balancing authority areas

Five stakeholder sectors would be represented

- Transmission-owning utilities
- Independent generators and marketers
- Publicly-owned utilities
- Public interest groups and consumer advocates
- Neighboring adjacent balancing authority areas




Otherwise, the Regional Advisory Committee would be responsible for its own procedures and methods of operation

- Support from ISO staff on logistics
- No travel reimbursement from the ISO
- Committee members to fund own travel



Transitional Committee member Natalie Hocken

COMMITMENT TO RE-EVALUATE GOVERNANCE



Background from the *Straw Proposal*: EIM governance should be re-evaluated in the future based on accumulated experience and changing conditions.

- Question was when this re-evaluation should begin
- Transitional Committee proposed various triggers



The *Draft Final Proposal* simplified the proposed trigger.

- Set a time period – re-evaluate in five years
- Or sooner in the discretion of the EIM governing body



WRAP-UP AND NEXT STEPS

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Transitional Committee meeting schedule

Date	Meeting location
June 25	Reno, NV
August 25	TBD
October 21	Sacramento, CA
November 19	Telephone



Questions