

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: CMUA supports extension of the sector nominating schedule. CMUA's concerns with the workability of the sector process remain. It is unclear, whether it is an ISO liason, or a sector participant, how a comprehensive identification of sector participants will occur.

Beyond this issue, however, CMUA has several concerns about the composition and selection process of the Transitional Committee, as articulated in response to Question 4 below.

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: See response to Question 4 below.

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

Comments: See response to Question 4 below.

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

Comments: CMUA has several concerns regarding the Draft Final Governance Proposal and accompanying Energy Imbalance Market Transitional Committee Charter. CMUA urges the CAISO to fundamentally rethink its approach to key issues.

Transitional Committee Membership

California consumers are bearing considerable cost and risk and have an undeniable vested interest in EIM governance, at least as large as any EIM Entity. For the CAISO not to specify, in detail, how those interests will be represented through the Transitional Committee is a telling blind spot to California consumer interests reflected in the EIM Governance Proposal and the entire EIM initiative. There should be guaranteed selection of California Load Serving Entity representatives on the Transitional Committee, at least to match load serving interests outside of California or of EIM Entities. The fact that EIM Entities are guaranteed up to three seats, when California LSEs are guaranteed none, is inequitable and unsustainable. To compound this problem, it appears that affiliated entities can assume multiple seats. So, as is widely reported likely to occur, if NV Energy were to be the next entity to sign an implementation agreement, two affiliated EIM Entities would hold roughly one quarter of the Committee seats. The CAISO must reverse course on how it is proposing to compose the Transitional Committee.

Transitional Committee Role

Particularly given the extended schedule and the fact that key market design elements will be immutable, it is unclear why the Transitional Committee should have any super-weight before the Board on market design issues, particularly when the potential impacts of the EIM design are far reaching across all market participants. The Transitional Committee

will have its hands full on Governance Issues. The current CAISO stakeholder process should be the venue for all EIM design and implementation issues so positions can be fully and fairly vetted and communicated equally to the CAISO Board.

Transitional Committee and Permanent Governance

Once focused on Governance issues, the Transitional Committee should not have its hands bound to particular outcomes. This is the stated intent of the CAISO. However, the Charter and Draft Final Proposal appear to require that a separate EIM Governance structure be developed, and that it be made up of independent Board members unaffiliated with market participants.

On the first matter, it is not clear how two markets (CAISO Markets and the EIM) so intertwined in many ways can have separate governance structures. There should be no constraint on the Committee's ability to recommend to the CAISO Board, for example, that separate governance for the EIM is unworkable. On the second matter, CMUA has no position on whether a Board made up of members with market participant affiliations is superior or inferior to a board of non-affiliated members. CMUA's understanding is that FERC Order 2000 requires that no single market segment be able to control Board action. CMUA understands that certain other RTOS have unaffiliated Boards. The CAISO must explain why an EIM Board, if there is one, *must* be made up of unaffiliated members under FERC precedent. If this precedent is not sufficiently compelling, the Transitional Committee should be left to make its own recommendations to the CAISO Board without restrictions.