



# Governance Review Committee Scoping Paper: Comments of Public Interest Organizations

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JENNIFER GARDNER, REGIONAL ENERGY MARKETS MANAGER

WESTERN RESOURCE ADVOCATES

PRESENTATION TO THE EIM GOVERNANCE REVIEW COMMITTEE

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# Disclaimers

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- For purposes of these comments, “Public Interest Organizations” includes the following western environmental and clean energy advocacy organizations:
  - Natural Resources Defense Council
  - Northwest Energy Coalition
  - Western Grid Group
  - Western Resource Advocates
- While I am an appointed member of the Governance Review Committee, I am here today in a different capacity – i.e., to present the governance-related views of this coalition of public interest organizations. Therefore, nothing that I present today should be construed to represent the views of the Governance Review Committee or any member(s) of that committee.

# Summary of Comments

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- **Issue 1: The Delegation of Authority for Market Rules to the EIM Governing Body and the Decisional Classification Process**

*Recommendation: The GRC should strive to put both boards on “equal footing.”*

- Option 1: Delineate governance between interstate markets and services versus California-only markets and services.
- Option 2: Create a “dual board” governance model whereby the CAISO Board of Governors and the EIM Governing Body have shared roles in governing the various markets.
- Overarching Consideration: Consider eliminating the requirement that the CAISO Board of Governors provide final approval of decisions that fall squarely within the authority of the EIM Governing Body.

# Summary of Comments

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## ■ Issue 2: The Process and Criteria for Selecting EIM Governing Body Members

***Recommendation: Give the Public Interest and Consumer Advocate Groups Sector of the EIM Nominating Committee a long overdue voting role.***

- Today, only three stakeholder sectors on the EIM Nominating Committee do not have a voting role:
  - CAISO Board of Governors
  - EIM Governing Body
  - Public Interest and Consumer Advocate Groups
- In practice, the EIM Nominating Committee operates on a consensus basis, but the CAISO Board of Governors and EIM Governing Body sectors have abstained from “formally” weighing in on candidates for varied reasons:
  - Conflict of interest concerns
  - Undue influence concerns
- Providing the Public Interest and Consumer Advocate Groups sector with a voting role would simply be a clarification of existing Nominating Committee practices and would place this sector on “equal footing” with the other non-board level stakeholder sectors that comprise this committee.

# Summary of Comments

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## ■ Issue 3: Governing Body Meetings and Engagement with Stakeholders

### Recommendations:

- 1. EIM Governing Body meetings should continue to take place across the region.**
  - This not only symbolizes the regional footprint of the market itself, but also provides an opportunity for the EIM Governing Body to meaningfully engage with a larger pool of regional stakeholders – particularly stakeholders that might otherwise face travel restrictions.
- 2. A Stakeholder Advisory Committee is not needed...yet.**
  - Formalizing the RIF into a SAC does not seem necessary at this time, but PIOs are open to considering the benefits of a more formally organized stakeholder committee as the market continues to grow. However, any future SAC must be able to adequately represent *all* stakeholders – not just market participants.
- 3. The GRC should consider the issue of funding for the BOSR (and precedent exists to provide such funding).**
  - Precedent includes: MISO's Organization of MISO States, SPP's Regional State Committee, and PJM's Organization of PJM States.

# Summary of Comments

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- **Issue 4: Other Potential Areas for Governing Body Involvement**

*Recommendation: No recommendations at this time.*

# Summary of Comments

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## ■ Issue 5: Guiding Principles

*Recommendation: The GRC should use the following guiding principles as guideposts when finalizing the governance proposal.*

1. Enable options to expand the functionality of the “CAISO market” to provide additional services necessary to improve the performance of the market.
2. Where possible, help control costs (to ensure favorable cost/benefit ratios), **while acknowledging that expanding or otherwise improving CAISO’s market services will involve an increase in costs.**
3. Protect the CAISO market (including the EIM and EDAM) and its participants and consumers against the exercise of market power and manipulation.
4. Facilitate and maintain compliance with all applicable legal requirements, including but not limited to environmental regulations and western states’ renewable energy and **clean energy goals.**

# Summary of Comments

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## ■ Issue 5: Guiding Principles (continued)

*Recommendation: The GRC should use the following guiding principles as guideposts when finalizing the governance proposal.*

5. Preserve flexibility in market participation by allowing EIM Entities to withdraw from the EIM (and in the future, the EDAM) prior to any action that would cause or create an exit fee.
6. Preserve and where possible, strengthen the independence of the EIM governance model (i.e., independent board composition *and* independent decision making).
7. Enable widespread and diverse stakeholder participation from across the region that is truly meaningful. This means that every stakeholder (not just the market's participants) is afforded an equal opportunity to engage in the CAISO stakeholder process.
8. Encourage transparency across the CAISO market – particularly within the decision making processes of the CAISO management and staff, the EIM Governing Body, and the CAISO Board of Governors.



# Summary of Comments

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## ■ Issue 6: Other Potential Topics for Consideration

***Recommendation: Make the services of an independent market expert available to the Governing Body.***

- The independent market expert would provide additional perspective on the complex and technical issues that the Governing Body would oversee following EDAM implementation.
- It would not replace the function currently provided by CAISO's Department of Market Monitoring, but would supplement that function, reporting directly to the Governing Body.
- The expertise of the independent market expert should also be made available to the BOSR.



Jennifer Gardner, Regional Energy Markets Manager  
Western Resource Advocates

Phone: 801-413-7355

Email: [jennifer.gardner@westernresources.org](mailto:jennifer.gardner@westernresources.org)