



Northwest Public Power Association

9817 N.E. 54th Street Vancouver, WA 98662-6064
(360) 254-0109 FAX (360) 254-5731
E-mail: nwppa@nwppa.org
Web site: www.nwppa.org

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VIA EMAIL

EIM Transitional Committee
California Independent System Operator Corp.
P.O. Box 639014
Folsom, CA 95763-9014

Re: NWPPA Comments on the EIM Transitional Committee's Issue Paper on EIM Governance.

Dear Ladies and Gentleman:

NWPPA is an international association representing some 140 public power consumer-owned utilities in the Western United States and Canada with approximately 300 associate members who provide goods and services to NWPPA public power members. In the United States, our public power members include public/people's utility districts, electric cooperatives and municipalities in Alaska, California, Idaho, Montana, Nevada, Oregon, and Washington. These utilities serve approximately 5 million customers on a not-for-profit basis.

In the course of providing retail electricity service to their local communities, NWPPA's public power members are likely to be impacted by the Cal-ISO/PacifiCorp/NV Energy EIM. NWPPA supports the need to find tools and/or mechanisms to help balancing authorities better integrate intermittent resources into the grid; however, many of our members are still assessing the costs and benefits of participating in an EIM or EIM-like structure through the Northwest Power Pool Market Assessment.

The EIM Transitional Committee released an issue paper with three possible governance structures for a multi-state EIM. The three alternatives consist of an EIM advisory committee to CAISO's Board of

Governors, a Governing Board established by CAISO Bylaws with a defined delegated scope; and governance through an Autonomous Separate Entity with authority over market rules. Although many of NWPPA's members may never participate in the CAISO or its affiliate EIM, its functionality will undoubtedly affect markets in the Northwest.

NWPPA recommends that the third alternative, the development of a Separate Entity with authority over market rules and responsibility for funding its activities, be fully explored. Many of NWPPA's members remain concerned that the CAISO EIM in conjunction with other affiliate participants will adversely affect NWPPA's public power utilities and their consumers. NWPPA believes separation from the existing CAISO governance is paramount and will ensure that the EIM is operated in the most effective and transparent manner, while taking into account the consequences for neighboring systems and markets beyond the CAISO footprint. NWPPA understands that the primary objections to this governance structure are based on potential overlapping market rules and increased costs to market participants. Overlapping rules are not unique – seams issues exist with all market structures, and are addressed through cooperation amongst market operators, and through regulatory oversight. The effort required to address any seams and the increased costs to staff and manage a separate market are worth the protections an autonomous structure provides to all market participants.

NWPPA appreciates the opportunity to provide these comments.

Sincerely,



Anita Decker
NWPPA Executive Director